[illegible]—50,000—27-10-41.

Development (1943) Department.

MS SERIES.

G.O. No. 749

Dated 10-5-1943

[Despatch Abstract.]

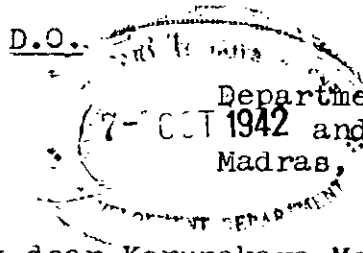
Indusmen - Sericulture Collegal Silk Factory

Supply of Silk for the department of supply

Better working - Arrangements made -

Papers relating to - Records

D.O.



Department of Industries
and Commerce,
Madras, 6th October '42.

My dear Karunakara Menon,

Subject:- Kollegal Silk Filatures Ltd.- Production against Supply Department contract.

With reference to the discussion we had at the Secretariat yesterday with Achaya, I am sending herewith a note from Achaya which answers the points raised in your note dated 3rd October 1942. In the expectation that the Supply Department will agree to enhance the prices Achaya is arranging to purchase cocoons at the prevailing market rates and produce silk to the utmost extent possible.

Yours sincerely,

6/10/42

Sri Rao Bahadur
C.P. Karunakara Menon, B.A.,
Secretary to Government,
Development Department,
Madras.

SECRETARY TO GOVT. OF MADRAS
7- OCT 1942
DEVELOPMENT DEPARTMENT

Office of the Director of Industries and Commerce,
M a d r a s, dated the 6th October 1942

From

Sri K.T.Achaya,
Sericultural Expert, Kollegal,
(Camp, Madras)

To

The Director of Industries and Commerce,
M a d r a s.

Sir

With reference to our discussion at the Secretariat on 5th October 1942, I submit the following note:-

So far 5800 + 1500 or 7300 lbs of silk has been supplied to the Supply Department against 40000 lbs of silk contracted for until the end of December 1942.

It will not be possible to supply the full quantity of 40000 lbs as the ex-Managing agents would not buy the cocoons when they were available in June as they were in financial difficulties. When they were arrested by the Police on the 1st of July, there was a negligible quantity of cocoons in stock. Soon after, the annual pruning of mulberry began and only small quantities of cocoons were available at the following rate:-

		Rs.	As.	Ps.	
Per maund or 25 lbs.	July	20	13	5	) average for each month.
	August	22	8	9	)
	Septr.	24	14	6	)
	October	25	8	0	)

As will be seen from the above the prices of cocoons have been gradually rising up. At present large quantities of cocoons are available, but the price is the deciding factor. The prices which should have been down at present because of the availabili of large quantities of cocoons are going up on account of the high prices ruling for charka silk as the silk merchants fearing control of cocoons are stocking silks for future sales and the charka reelers are buying cocoons at high prices to meet the demand from silk merchants. We are moving in a vicious circle.

The only difficulty that stands in the way is the low price fixed for silk by the Supply Department at s.15-10-0 per lb. This price has no relation to the present price of cocoons. Thi price was based on the agreed controlled price of 10 annas per l of cocoons but the present price of cocoons is a little over Re.1 per lb. and hence the company stands to lose heavily unless the Supply Department guarantees to make good the loss.

If such a guarantee is given, I can purchase the cocoons in the open market at prevailing prices and supply the following quantities of silk for the next three months.

120 lbs per day i.e. 120 x 25 or 3000 lbs. per month
i.e. 9000 lbs for 3 months
and with an additional boiler
50 lbs more per day or
50 x 25 = 1250 lbs per month or
2500 lbs for 2 months.

It will take at least a month for the boiler to arrive and installed and so only 2 months are taken into calculation. This will mean a total of

7300 9000 2500 or 18800 lbs of silk until the end of December against the contracted figure of 40000 lbs.

Item No.2.

In calculating the mulberry acreage of Kollegal Taluk and Hosur Mr. Peychaud has not taken into consideration the new plantings in August and September. This comes roughly to 5000 acres (accurate figure will be available when the special Revenue Inspector joins duty). With 15000 acres the average quantity of cocoons that can be harvested is 15000 x 300 lbs or 45,00,000 lbs of cocoons which will be more than ample for 650 basins. Each basin will consume at the maximum 18 lbs of cocoons and 300 working days in a year, it will amount to 650 x 18 x 300 or 35,10,000 lbs of cocoons. Even allowing 2 lbs of cocoons per basin as rejects and leakage, the total will amount to 650 x 20 x 300 or 39,00,000 lbs as against 45,00,000 lbs of production. 300 lbs of cocoons is the average production for an acre of mulberry.

As far as seed supply is concerned, there will be an adequate supply of seed with 20 more aided grainages and 3 more Government cross breeding stations sanctioned in G.O.No. 248 Dev; dated 21st Aug 1942

I. Peychaud

SERICULTURAL EXPERT.

P.S.

In anticipation of the losses being recouped by the Supply Department, I shall buy cocoons at prevailing rates and work the filature to full capacity.

I. P.

Our No : 51/8742-107 14.10.62 Sericulture Dept

Subject: Industries - Sericulture - Kollegal - Silk - Supply -.

During his recent interview with the Second Adviser, Mr Peychar stated that the acreage under mulberry which could supply cocoon in January next is only about 10000 or 10500 acres. The Sericulture Expert has however stated in his note dated the 5th October 1962 that the acreage under mulberry is about 15,000 including the new plantings. It has however

not been explained whether the new plantings in august and septembr would yield cocoons by the time the new factory starts. If this is not possible, it should be explained how the Sericultural expert expects to feed the 65 B. basins. The Dte is requested to examine the figures of acreage and to verify the correctness of the statements of Sericultural Expert and to submit a detailed report to the Govt at an early date.

DPd
DSC
14/10/42

To the Dte

Rem. 201042/1552
NR 30.10.42

D.O.No.1538 D/42 10002

DIRECTOR OF INDUSTRIES AND COMMERCE,
CHEPAUK, MADRAS, Dated, 19th October 194

SECRETARIAT GOVT. 21 OCT 1942 DEVELOPMENT DEPARTMENT

put up draft D.O. letter to D.G. Supply asking for reply that we are awaiting for immediately & copy to be sent to Govt. as soon as we may receive from D.G.S.C. Letter also with the work done

My dear Karunakara Menon,

Sub: Kollegal Silk Filatures Ltd - Production against Supply Department contract.
Ref: My D.O. dated the 6th October 1942.

Further to my D.O. cited above, I enclose a copy of D.O.No.671-S/42 dated the 16th October 1942 received from the Sericultural Expert, Kollegal together with copy of his letter No.617-S/42 dated the 30th September 1942 addressed to the Director-General of Supply, Textiles Directorate, New Delhi. The Director-General has apparently not yet given a reply to the firm for withdrawing the escape clause mentioned in the penultimate sentence of Sericultural Expert's letter to the Supply Department is not clear. The position would perhaps be eased if this clause is reintroduced with effect from the date of placing the order with the Kollegal Silk Filatures. In the alternative, the Supply Department should undertake to make good the losses incurred by the Filatures in complying with their order. I request that the Director-General of Supply may be moved in the matter at once, by the Madras Government.

Yours Sincerely,

Sri Rao Bahadur
C.P.Karunakara Menon,B.A.,
Secretary to Government,
Development Department,
Madras.

Copy of D.O.No.671-S/42 dated the 16th October 1942 from the Sericultural Expert, Kollegal.

Sub: Kollegal Silk Filatures Ltd - War Supplies - Production of silk.

--

As you are aware, it was decided after a discussion at the Secretariat on the 5th October 1942 that I should go ahead with the work of buying cocoons at the prevailing market rates, and supply as much silk as is possible to produce to the Supply Department in anticipation of the losses being recouped by them on a lat date since there has been a growing demand for every ounce of silk that could be turned out in the filatures for parachute weaving. Accordingly, I have been carrying on the work. But when I communicated the above decision to the members of the Working Committee (the working committee consists of three Directors including myself) of the Kollegal Silk Filatures Ltd., at Bangalore for opinion, they were not in favour of the action taken by me. They seemed to feel that pending a definite promise from the Supply Department, it was not advisable to supply silk the reason being that the working capital of the company was only Rs.50,000/- and if the work was carried on as at present by purchasing cocoons at high prices, the Company would go bankrupt in a couple of months. As it is, we are loosing nearly Rs.5-0-0 on every lb., of silk sold due to the enhanced rates paid for cocoons. This would result in a complete close down of the Company, if the Supply Department fail to make good the losses as requested in my letter No.617-S/42 dated 30th September 1942 addressed to the Director General of Supply, Textiles Directorate, New Delhi a copy of which was endorsed to you for information.

In the circumstances, it would be evident that my position as Government Director of the Company has become rather awkward and delicate. On the one hand, the Supply Department are pressing for silk and if I don't comply with their indents, the National War Work would suffer and on the other hand, I am incurring the displeasure of the Board of Directors of the Company which may go to the extent of holding me responsible for the losses, if not made good by the Supply Department. In spite of all these, I am proceeding with the work and supplying the silk, but how long I can, with the limited funds at the disposal of the company is the problem which is confronting me. I hope you would appreciate my difficulties and do the needful in the matter immediately.

I feel, that it would be better if you could please keep the Supply department informed of the true state of affairs and request for their immediate orders in the matter as I have not so far received any reply from them to my letter.

With kindest regards,

Copy of letter No.617-S/42 dated the 30th September 1942 from the Sericultural Expert, Kollegal, to the Director-General of Supply, Textiles Directorate, New Delhi.

Sub: Kollegal Silk Filatures Ltd. - War Supplies - Production of silk.

As you are aware, the Kollegal Silk Filatures are under a contract to supply 40,000 lbs. of silk to the Department., of Supply by end of December 1942 and the production so far has been very discouraging. At the time we accepted the contract it was understood that the price of good grade cocoons will not go beyond ten annas a lb. and the price of Rs.15-10-0 per lb. was fixed on that basis although it was not specifically laid down in the contract.

Our assumption has been proved wrong from the practical working of the contract. Owing to the closure of the Chinese and Japanese markets and the biggest filatures at Jammu and Kashmir working to-meet War requirements and in the absence of any control over the silk market the charka reeling establishments find themselves in an advantageous position as they are able to dictate their own terms for their silk ~~market~~ and sell it at any price since there are heavy and growing demands for silk from all sources. The silk merchants are anxious to stock as much silk as is possible fearing the introduction of the control scheme and to sell it on a later date at very heavy profits. This makes them offer higher prices for the silk which in turn induces the cocoon grower to fix his own arbitrary price for his cocoons. To-day the cocoon price has gone upto Re.1/- per lb. though at this part of the year, the price of cocoons should be normal due to heavy harvests of cocoons coming in. In the face of the keen competition from charka reelers, it has become an increasingly difficult task to get cocoons even at the enhanced rate. In spite of all these, the filature has been working with the cocoons secured through competition and a rough calculation of the manufacturing charges would show that we are losing on each lb. of silk sold very heavily.

Kollegal Silk Filatures Ltd., is a Joint Stock Company where the Madras Government have subscribed 10% of the share capital. A private owned company cannot bear this recurring loss as it gives rise to hue and cry from the share-holders whose interest the Company is expected to safeguard. If regular supply is to be assured the Department of Supply will have to either make good the loss that the Company has incurred from July 1942 by supplying silk at Rs.15-10-0 per lb. or see that effective control over the cocoon market is introduced immediately. At the present rate there is every prospect of the filature being closed down which would mean complete cessation of supply of silk.

In the absence of such control over the cocoon market, it is impossible at this state ~~fore~~ or estimate the monthly production as there is no guarantee that the filature will get a regular supply of cocoons in the face of the existing un-healthy competition from the charka reelers, who are prepared to offer any price. What is immediately required therefore, is an effective control over the cocoon market to ensure a regular supply of cocoons to the filature. I shall buy all the cocoons that I can get in the open market and get them reeled for supply to the Department of Supply and any forecast of production under present abnormal conditions can never be accurate. We have had a bitter lesson during August and September 1942 by placing our trust in the cocoon growers and vendors who surruptitiously sold their cocoons to charka reelers at the last moment. The continous rise in the price of cocoons thus has become a stumbling block in our progress though we are prepared to put forth the best of our efforts in the interests of the supply of War necessities. In this connection, I am enclosing herewith a copy of the letter No.SY/2XX/65, dated the 22nd May 1942 from the Chief Controller of Purchase (Supply), 2XX Section, New Delhi addressed to Messrs.The Kollegal Silk Filatures Ltd., wherein provision had been made for an escape clause in case there was any fluctuations in the price of cocoons. This was subsequently with-drawn. I would now request

pp 11-12 below

you to please see whether the escape clause could be made applicable once again until prices of cocoons stabilise or the introduction of the cocoon control scheme.

The detailed circumstances narrated above, I would request you to please advise us immediately whether we should proceed with our reeling work by purchasing cocoons at the enhanced rates and whether you would be in a position to make good any loss that is incurred by selling silk at the standard rate of Rs.15-10-0 per lb. Otherwise, please move the matter of control of prices of cocoons. Your Costing Officers are quite welcome to inspect our account books and it is hoped that you would appreciate our difficulties and give us a favourable reply at your earliest.

Copy of letter No.SY/2XX/65, dated New Delhi, the 21st May 1942 from the Chief Controller of Purchase (Supply), 2XX Section, New Delhi, addressed to the Messrs. The Kollegal Silk Filatures Ltd., P.O.Kollegal, (Via.Bangalore).

Subject: Acceptance of Tender No.SY/2XX/65/57 dated the 20th April 1942 for Silk yarn.

Reference: Your letter dated the 27th April 1942.

It is observed that the price of Rs.15/- per lb. for silk yarn has been worked out on the following basis:-

1. Cocoons (18 lbs. at an average price of Rs.0-10-0 per lb.)	Rs.11-4-0
2. Manufacturing charges	2-8-0
	13-12-0
3. Less yield of silk waste 10 ozs.	0- 8-0
	Rs. 13- 4-0

It follows from this that the profit margin works out to Rs.1-12-0 i.e. about 13% on your estimated cost. This Department can only agree to a maximum profit of 7½% and as all other parties have agreed to this it is felt you will also.

The above cited Acceptance of Tender would be subject to escape clause as detailed below:-

"Revision of price"

"Both the Contractor and the Purchaser shall be entitled to claim revision of price at any time during the currency of the contract on account of fluctuations in the cost of raw materials, provided that no revision shall be made unless the net increase or decrease thereof exceeds five per cent of the all-in-costs which should include not more than seven and a half per cent as profit.

"Notice an intimating increase or decrease of the all-in-costs due to such fluctuations shall be given by the Contractor as soon as such flucutations occur or come to his notice.

"All such claims shall be settled on the basis of audited figures or such other evidence as the Purchaser may consider necessary."

Should it be found necessary to revise the price under the above clause a certificate in the following form shall be submitted through your auditors:-

"Certified that the price of Rs.15/- per lb. quoted for silk yarn was based on the cost of cocoons at Rs.0/10/0 per lb. used during the period.

The actual cost of cocoons used, however, is Rs.....and the resulting cost of the finished article is Rs.....per lb. The difference of Rs. on deliveries of silk yarn, full particulars of which are attached, represents a total of Rs. and payment/refund of this amount may be made by Government Firm.

It may please be clearly understood that Escape clause would be applicable only in case there is any fluctuation in the price of cocoons and not in the quantity used. Your price in respect other than raw material would therefore be treated as firm.

Please acknowledge receipt.

Express Telegram 9620-D/42

Director General [of Supply]
Textiles Directorate, New Delhi

Please refer letter
617-S/42 [dated] 30th
September from Kollegal
Silk Filatures regarding
cocoon prices stop Since
contract cocoon prices have
increased stop. Unless
contract rates revised
Filatures would lose heavily
stop Madras Government

Strongly urge compliance with request of Filatures without delay Stop Meanwhile Government have advised Filatures to proceed with production

Deviment

21 x 12

(original at bottom)

P. C. to go.

Copy to

Dev. Dept

Typed W

Memo No 9670 D/42-2 d 21.10.42

Sub: Industries - Sericulture - Supply of Silk by the Kollegal Silk Filatures - Price of Cocoons and of Silk.

Ref 7 ✓ Ref from the DIBC No 1538 D/42 d 19.10.42

A Copy of the telegram sent to the D. G of Supply, Textile Directorate, New Delhi is forwarded to the DIBC. He is requested to instruct the Sericultural Experts to proceed with the work for the Supply of Silk in accordance with the delivery programme.

Draft at ff 1-2 ante

Vide order at ff 7 ✓

DPS 21.X.42 on p 9 of the DIBC

DIBC 21.10.42 Sgd 21/10/42

C 21 X 42 Cdr 21/10/42

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

VL

NOTICE.

This form must accompany any inquiry made respecting this Telegram.

Charges to pay Rs. | As. | P.

Office Stamp. CALCUTTA 25 OCT 42

Handed in at (Office of Origin)	Date.	Hour.	Minute.	Service Instructions.	Words.
New Delhi	24	20	22	JKE	1

TO

Recd. here at 9 H. 30 M.

Tel Vmemt M/ M E-EN/SC order on Cmdg-14cf

Supply/Disposal matter under consideration

Purchase -

Tour.

Des. Dept

This is in reply to the telegram to the Dept of Supply re: price of silk to be supplied by the Kollegal Silk Factory and with reference to the preceding

N.B.—The name of the Sender, if telegraphed, is written after the text.

Eden Press, Calcutta—66 (B-41)—9-6-41—100,000 Bks

price of Cocoons. The manifest was circulated to
A_2 on 21.10.42. and has not been received back.

File Await
return of manifest
Cir
28/x/42

27.10.42

27/10/42

Endt No. 9670 Sc/42-3 dt 31.x.42

Communicated to the DI&R in

Continuation of Govt Memo No. 9670 Sc/42.2

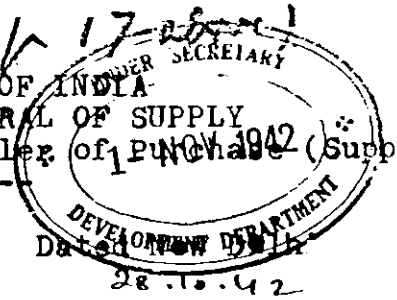
dated 21.10.42

30/x/42

2/11/42

Name as per 17 above

GOVERNMENT OF INDIA
DIRECTORATE GENERAL OF SUPPLY
Office of the Chief Controller of Purchase (Supply).



No.SY/2XX/65. Dated New Delhi the

From

The Chief Controller of Purchase (Supply),
(2-XX Section).

To

The Secretary to the Govt. of Madras,
Development Deptt.,
Madras.

SY/2XX/65 YOURS 9670D/42 TWENTYFIRST
MATTER UNDER CONSIDERATION.

Post copy in confirmation.

28/10/42

(S. C. Das Gupta),
Dy. Controller of Purchase,
FOR CHIEF CONTROLLER OF PURCHASE(SUPPLY).

C.3 VL Can 811 m

S for private

INDIAN POSTS AND TELEGRAPHS DEPARTMENT.

Received here at— H.— —M.

No.

O VL NEW DELHI 6 STE

SY-/-TX-62 (18) YOUR TEEGRAM TWENTYFIRST OCTOBER NUMBER 9670-D-4 LEASE SEE TARGETTS DEMIOFFICIAL TO SIR HUGH HOCD DATED FOURTH NOVEMBER STOP IF SUGGESTIONS SET FORTH THEREIN ARE SET IN MOTION PRICES OF COCOONS SHOULD BE KEPT WITHIN REASONABLE LIMITS AND THEN AN ADJUSTMENT IN SILK PRICES OWING TO VARIATION IN THE PRICE OF COCOONS WOULD BE ACCEPTABLE TO US STOP FAILING SOME MEASURES OF CONTROL WE CAN SEE NO POSSIBILITY OFSTOPPING COCOON PRICES MOVING FURTHER UP ADDRESSED DEVEMENT REPEATED CONSUPRAS -SUPTEXL-

The sequence of entries at the beginning of this telegram is—class of telegram, time handed in, serial number (in the case of foreign telegrams only), office of origin, date, service instructions (if any), and number of words.

This form must accompany any inquiry respecting this Telegram.

Eden Press, Calcutta—No. 144 (5173/B-93)—15-7-41—30,000 Bks.

DIRECTOR GENERAL OF SUPPLY,
DEPARTMENT OF SUPPLY,

D.O.No.SY/TX-62(18)

New Delhi, the 4th November 1942.

16 NOV 1942
DEVELOPMENT DEPARTMENT

11359

My dear Hood,

You will no doubt remember the conversation we had when you were in Delhi regarding the progress of the Silk Expansion Scheme in Madras. I find now that the position is actually far more serious than I had imagined at that time. Between April and December it was expected that the Kollegal Filatures would produce 32,000 lbs. of reeled silk. Later, when we saw that the progress was not as rapid as it should have been, we hoped that they would produce at least 18,000 lbs. The actual figures however of production up to 21st October are 7,800 lbs. and at this rate we should be lucky if by the end of December we receive 12,000 lbs. Something quite clearly is wrong with these Filatures and I am sure you will agree that it is very urgently necessary that steps be taken without delay to see that it is put right. There seems to be a general feeling among my officers and it is a feeling which I share, that Mr. Achaya, who is in charge of these Filatures, does not possess the driving force to put over a rapid development such as we have promised to H.M.G. If Achaya is not in fact the man for the job as we think, I hope you will be able to arrange that someone else more promising takes his place at once.

2. I understood that you were looking out for someone better qualified to take charge of the factory. We suggest that until such a person is found you put Peychaud in charge immediately so that no further time and production is lost to us. Peychaud will, of course, have to be left free, whenever it became necessary, to do in addition, such other work as we may find it desirable to assign to him from time to time in connection with the expansion scheme both in Madras and in Mysore.

I have been given the name of one Mr. MacDonald who used to be in charge of Kashmere Filatures before Peychaud, and who, I am assured, has the necessary experience and

knowledge and might be the man we want. I am making further enquiries about him and shall pass on to you details as soon as they become available.

3. A telegram was received on the 31st of October from the Government Director of Kollegal Filatures that the Kollegal Filatures Board had passed the following resolution:-

> " Board understand Chanapatna Filatures paid extra 1/2/- per lb. for every one anna rise in price of cocoons over ten annas contracted price. Board request similar treatment from 1st July 1942. Otherwise fear factory closing down due to enhanced cocoon prices causing heavy loss. Request telegraphical instructions "

The question of giving any extra price consequent upon the rise in the price of cocoons will, of course, be considered on its merits. Supply Finance, however, have already told me that even if they find that there is a case for agreeing to such an increase they would only do so if they were assured that certain conditions would be fulfilled, namely, that a really competent and vigorous man was put in charge of the Filatures, that steps were taken to coordinate the purchase of cocoons between the Mysore State and Madras, and finally that the control of cocoon prices was introduced without further loss of time. I think you will agree that these three conditions are not unreasonable. I enclose a copy of my letter to Anantaraman in which I am requesting him to do whatever he can to try and introduce control of cocoon prices simultaneously with Madras and in the meantime to ensure that there is coordination of purchase of cocoons between Mysore and Kollegal Filatures.

With kind regards,

Yours sincerely,

(R.W. Targett)

Sir Hugh M. Hood, KCIE.,CSI.,ICS.,
Adviser to Govt. of Madras, Madras.

DIRECTORATE GENERAL OF SUPPLY,
New Delhi, the 4th November'42.

My dear Anantaraman,

In his latest telegram, which was received a couple of days ago, Srinivasan says that most of the outstanding points in connection with the Silk Expansion Scheme have now been settled. I was very glad to learn this, as I am anxious to see that the Scheme is put into operation at the earliest possible moment. I am sure you appreciate our anxiety and will do all you can to ensure that the Filatures are set up with the utmost expedition.

2. As you are no doubt aware, cocoon prices have risen sharply. Upon the representation of Mysore Filatures on this point, we have agreed to the price of silk being adjusted to take into account the increased cost of cocoons, and have advised them accordingly to make their purchases at the best possible prices. Now, the Kollegal Silk Filatures, with whom we have also a contract, have come along with a request for a similar concession. Unless the two Filatures, which are working almost entirely for us.....

for us, have a co-ordinated purchase policy, cocoon prices cannot be kept at reasonable levels. I have written to Hood about this and shall be glad if you, for your part, will arrange for the Mysore Silk Filatu to work along with the Kollegal Filatures.

3. It is, I feel, important that we should take up immediately the question of controlling cocoon prices in South India. On this point too, I have written to Hood and I expect he will write to you as soon as his plans are complete.

Yours sincerely,

Sd.R.W.Targett.

Rajamantrapravina
K.V.Anantaraman,
Development Minister,
Bangalore.

M.A.
Copy to V.Sreenivasan,Esquire, Controller of Supplies, South India Circle, Madras, for information.

Sd.H.M.Pated.
Deputy Director General,Supply.

Express Telegram

Target

Director General Supplies,

New Delhi

Govt of Madras will be grateful for particulars regarding Mcdonal late of kashmir Silakures for consideration appointment in Kollegal Silk Filatures.

Devment

16/11/42

17/11/42

17/11/42

gal: Silk Filatures

For perusal

Cay
19/11/42 4 11:30 Rz 11:51

C: 19114
R 20116
2/11/42
19:5

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

2

NOTICE.

This form must accompany any inquiry made respecting this Telegram.

Charges to pay.

Rs.	As.

Office Stamp.

19 NOV 1942

Handed in at (Office of Origin)	Date.	Hour.	Minute.	Service Instructions	Words.
New Delhi					12

TO Desmond Madan G

Recd here at H. M.

27

Sy/Dx 62(106) your telegram to target re macdonald we are making ~~inquiries~~ inquiries and will inform you as soon as possible

Sup-texl =

N.

20/11

N.B.—The name of the Sender, if telegraphed, is written after the text.

Eden Press, Calcutta—66 (B-41)—9-6 41 -100,000 Bks.

SECRETARY
20 NOV 1942
DEVELOPMENT DEPARTMENT

INDIA & TS AND TELEGRAPHS DEPART

NOTICE.

This form must accompany any inquiry ma[illegible]ecting this Telegram.

Charges to pay. Rs. As.

Office Stamp. 2 ENOV. 42

Handed in at (Office & Origin) Date Hour Minute. Service Instructions. Words.

TO

Recd here at H. M

Deument made x
Sy - Tx - 62(106) our telegram even nu
nove eighteenth re macdonald
stop he retired from kashmir
state service (Gw) 1922 and is now
seventy years of age and is prepar
to accept employment at rs six hu

N.B.—The name of the Sender, if telegraphed, is written after the text.

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

NOTICE.

This form must accompany any inquiry made respecting this Telegram.

Charges to pay.	
Rs.	As.

Office Stamp. MYLAPORE 26 NOV. 42

Handed in at (Office of Origin)	Date.	Hour.	Minute.	Service Instructions.	Words.
Received					

TO

Recd here at H. M

per month

complexl =

To under secretary

Dev Dept

Submitted for orders.

26.11.42

26/11/42

26/11/42

5

~~DEVELOPMENT DEPT.~~

D.O.No. 9670 27/42-4 dated 2-6-11-1942

My dear Targett,

Your D.O.No.SY-TX-62(18) dated 4-11-42 re: progress in the execution of war orders by the Kollegal Filatures.

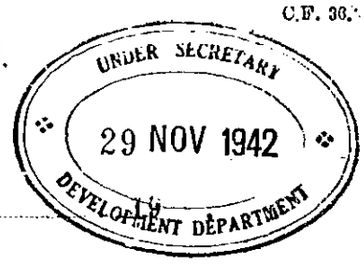
"The Kollegal Filatures", as you are probably aware, is a Joint Stock Company and was until last July run by the Managing Agents, Messrs.Silva & Son. The existing contract for the supply of Filature silk was between this Company and the Supply Dept.The management under Messrs.Silva & Son was ~~no doubt~~ inefficient and they ~~had to be dismissed~~ were got rid of in July last ~~for~~ in the misappropriating ~~large amounts, for which~~ as a result of which large amounts, a criminal prosecution also is pending against them. We find, on enquiry, that the slow progress in the execution of the war orders was mainly due to the managing agents not buying the cocoons when they were available in June. When they were arrested by the Police on the 1st of July, there was a negligible quantity of cocoons in stock. Since then and until October, only small quantities of cocoons were available, and even those at very high prices ranging between 20 and 25 rupees for 25 lbs. After the ex-managing agents went out, Mr.Achayya, our Sericultural Expert, who had been on the Board of Directors on behalf of the Govt., was put in charge of the factory by the Board of Directors. Mr.Achayya wrote to us on 6-10-42 that cocoons were then available in large quantities but that the chief practical difficulty in production was the price of cocoons as the Company stood to lose heavily unless the Supply Dept. guaranteed to make good the loss. We directed him to go on with the purchase of cocoons and production of silk. He wrote to us on 16-10-42 that the members of the Working Committee were not in favour of the purchases which were being made by him as, at the existing

rates, the Company was losing nearly Rs.5/- on every lb. of silk sold and that it was very necessary that the Supply Dept. guaranteed to make good the loss. He had addressed you also on the subject on 30-9-42. It was on this report of his that we wired to you on 21-10-42 strongly urging the revision of the contract rates so as to meet the increased cost of cocoons and saying that in the meanwhile we had advised Mr.Achayya to proceed with production. Mr.Achayya ~~is expediting production and he~~ expects to produce 16,300 lbs. by the end of December and, with an additional boiler, 18,800 lbs. There is no doubt that the progress has been slow and that this factory requires to be worked more efficiently than ~~it was possible~~ hitherto. The Govt. are examining the question of requisitioning the factory. But I must correct the impression that is conveyed in your letter that Mr.Achayya's lack of driving force has been responsible for this state of affairs. The chief responsibility was of the old managing agents who mismanaged the factory. Mr.Achayya ~~has not the time to~~ devote to this factory the attention that it requires as he has ~~also~~ much other work ~~other things to do~~. We ~~would therefore be glad if we could get hold of~~ are therefore anxious to find a suitable person to be in sole charge of this factory. I ~~thank you~~ are much indebted to you for your efforts in this direction ~~and await the further particulars you have promised about Mr.MacDonald~~.

Re: para 3 of your D.O. about price of cocoons, we are in correspondence with the Mysore Govt. through the Resident and the Mysore Govt.'s reply is still awaited. In the meantime it is not advisable to leave in doubt the matter of price of the cocoons which are being bought at the existing prices in order to expedite war orders; the Supply Department should definitely agree to meet the higher cost as it is not fair to expect the Filatures to meet it. Cocoons are being purchased under our orders as we hoped that the Supply Dept.would

C.F. 30.

DEPARTMENT.



Received ..... 19 *registered* 19

Subject.

Industries - Sericulture - Kollegal - Silk - Supply.

ENCLOSURES.
No. .....
.....
Spare copies .....

No. 1538-D/42

Station Madras, *Dated the* 28th November 1942.

From (Name) P. Madhava Menon Esq., M.B.E., I.C.S.,
(Designation) Director of Industries & Commerce.

To The Secretary to the Government of Madras,
DEVELOPMENT Department.

Sir,

Reference:- Government Memorandum No.9670-D/42-1, dated the 14th October 1942.

I addressed the Tahsildars, Kollegal and Hosur to furnish me the total area under mulberry cultivation at present in their respective taluks. I have received reply from the Tahsildar, Kollegal, while the reply from the Tahsildar, Hosur, is awaited and he has been reminded. I enclose for information of Government a copy of the statement received from the Tahsildar, Kollegal from which it would be observed that the present acreage under mulberry cultivation is 14,240 in the Kollegal taluk. The Sericultural Expert states that even the new cuttings planted in August and September i.e., the end of the planting season would be ready for picking of leaves from January 1943 onwards. He states further that there are nearly 250 acres of mulberry owned by the ryots of Kollegal taluk in the contiguous area in the Mysore State and that the leaves obtained from those gardens are used for rearing in the Kollegal taluk where the rearers reside.

2. It is stated by the Sericultural Expert that an acre of mulberry will yield about 300 lbs. of cocoons in Kollegal. Allowir 25% for the double, melted, weak cocoons and cocoons that will not come to the Filatures, we can take the production to be 225 lbs. pe acre. On this basis, the mulberry cultivation in Kollegal taluk referred to above should yield 32,04,000 lbs. of cocoons. In one of his letters to the Sericultural Expert, Mr. Peychaud estimated that 650 basins (150 basins in Kollegal Silk Filatures Ltd., and 500 in the Government Filatures) would require 39,00,000 lbs. of cocoons per year on the assumption that they work for 300 days in the year and consume 20 lbs. per basin per day. According to these figures, we shall probably be short by only 6,96,000 lbs., of cocoons to start with. With the encouragement given by Government to Mulberry Cultivators we may reasonably expect a further expansion of cultivation in the next planting season which should progressively reduce the deficit. I shall examine further the question as soon as the statement of mulberry cultivation is received from the Tahsildar, Hosur. The Sericultural Expert does not anticipate any difficulty in getting the required quantity of cocoons to feed the two filatures of 650 basins, but he reiterates that this would be possible only if the control of sale of cocoons is introduced immediately in the Province as suggested in my letter No.777-D/42, dated the 24th August 1942 to Government.

18/11/42

Director of Industries & Commerce.

MVS/

Statement showing the Mulberry cultivation in Kollegal Taluk.

Firkas.	Fasli 1351.	Fasli 1352.	Total
Kollegal	4593	1212	5805
Lokkanahalli	1017	378	1395
Hanur	1461	1415	2876
Ramapuram	9	14	23
Palayam	1505	2636	4141
	8585	5655	14240

1st draft,

Development Dept.

Memorandum No.9670-D/42 - dt 3.12.42

39

Sub:-Industries-Sericulture-Kollegal Silk Filatures Ltd

Appointment of a Manager.

It is reported that the Kollegal Silk Filatures Ltd is slow in execution of the contract for silk placed by the Department of Supply ~~with the Kollegal Silk Filatures Ltd is slow in execution~~ and that this is mainly due to the want of a proper business manager for the Firm. Mr.Achayya, who is now in charge, is not able to devote the attention which the business requires as he has much other work to do. Further Mr. Achayya is not a business man, and also lacks the business experience. The Filatures need a manager. It is understood that one Mr. Macdonald, who was in the service of the Kashmir State has the necessary experience and knowledge and that he is available for appointment on a salary of Rs.600/- p.m. He retired from service in 1922 and is aged seventy. The D.I.& C is requested to consult the Board of Directors the desirability of appointing Mr Macdonald as the Manager of the Kollegal Silk Filatur

on the terms mentioned above and to submit proposa
urgently in this regard with a resolution of the
Board, if it agrees to the ~~suggestion~~ appointment. The appointm
may be for a period of one year in the first instan

Letter No.9670-D/42-6 dt 9-12-42.

To

The Chairman, Board of Directors,

Kollegal Silk Filatures Ltd, Madras.

Sir,

Sub:-Industries-Sericulture-Kollegal Silk Filatures Ltd-Appointment of a Manager.

I am directed to enclose a copy of memo. No.9670-D/42-5 dated 3.12.42 addressed to the D.I.& C and to enquire whether ~~request that~~ the Board of Directors ~~may~~ agree to the appointment of Mr. Macdonald as Manager of the Firm for a period of one year in the first instance, in view of the urgent need to execute in full ~~for keeping up~~ the contracts with the Department of Supply for silk for war purposes and also to expand to improve the business of the in the interests of the shareholders of the Company ~~as a whole~~.

Cm
5 12 42
4.10 p.m.

Submitted for on to A2
Cm
5/12/42

N. put up file
Calls
I Stage

4
Cm
5/12/42

6

C. X QC

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

NOTICE.

This form must accompany any inquiry made respecting this Telegram.

Charges to pay
Rs.

Office Stamp.

Handed in at (Office of Origin)	Date.	Hour.	Minute.	Service Instructions.	Words.
New Delhi	4	12	15	Ske mnly telegram	54

TO Recd. here at H. M.

Dornait Ms G

Sig-TZ-62(5)/43 For hood from target aaa reference your do no 9670-D-42-4 november 26th regarding illegal filature company aaa we agree a revised price of silk mails up as follows aaa

N.B.—The name of the Sender, if telegraphed, is written after the text.

Eden Press, Calcutta—66 (B-41)—9 6-41—100,000 Bks

C.

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

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Office Stamp.

Handed in at (Office of Origin)	Date.	Hour.	Minute.	Service Instructions.	Words.

TO

Recd here at H. M.

quite present contract rate of
ten pie-et element plus
a suitable sufficient to cover
loss incurred on (50). account
of rise in price of
Cocoons over ten annas per

N.B.—The name of the Sender, if telegraphed, is written after the text.

Eden Press, Calcutta—66 (B-41)—9-6-41—100,000 Bks

C. INDIAN POSTS AND TELEGRAPHS DEPARTMENT

NOTICE.

This form must accompany any inquiry made respecting this Telegram.

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Office Stamp: CENTRAL TELEGRAPH OFFICE 5 DEC 3 40 P.M. MS-3

Handed in at (Office of Origin)	*Date.*	*Hour.*	*Minute.*	*Service Instructions.*	*Words.*
TO				*Recd. here at* H. M.	

found over amount to be
ascertained by cost investigation by
a " Central govt officer over
unquoted) this arrangement will obtain
until your institute control over
Coconut prices — we would

N.B.—The name of the Sender, if telegraphed, is written after the text.

Eden Press, Calcutta—66 (B-41)—9-6-41—100,000 Bks.

C. IV

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

NOTICE.

This form must accompany any inquiry made respecting this Telegram

Charges to pay: Rs. As. P. Office Stamp

Handed in at (Office of Origin)	Date.	Hour.	Minute.	Service Instructions.	Words.

TO

Recd here at H. M.

Separate file
C NO. 9502D/W

5 | request you to accelerate introduction of control and we (100). Consider it necessary to exclude profiteers because we feel that present situation is created by former managing agents failures to

IV. B.—The name of the Sender, if telegraphed, is written after the text.

Eden Press, Calcutta—66 (B-41)—9-6-41—10,000 Blks

Pl. circular

Dev. Dept

Endt 9670 D/42-7 dt 11.12.42

pp 43-52 alone

Communicated to the DI&E

for information & necessary action of Govt Endt No 9670 SC/42-3 dt

31.10.42

Chy
7/12

7.12.42 7/12/42

to DI&E (A & I)

pp
[illegible]

AN BAHADUR
T. RAGHAVIAH, C.S.I.

VENKATA VILAS,
GRAEME'S ROAD,
CATHEDRAL POST,
MADRAS.

12498

5.12.42

UNDER SECRETARY
7 - DEC 1942
DEVELOPMENT DEPARTMENT

Dear Ramachandra Rao

I have yrs. — & your memo/ in the above 4670 - P/42-6 suggesting that one Mr Macdonald may be appointed as the Manager of the Kollegal Silk Filatures Ltd on a salary of Rs 600 per mensem for a period of one year in the first instance.

At the request of the Director of Industries, Madras, the Board of Directors of the Kollegal Silk Filatures Ltd decided at their meeting on the 28th ultimo that a full time manager should be appointed on a salary of Rs 250 - 20/1 - 350 and that the appointment should be filled by selection from applicants. The necessary advertisement has been published and the last date for receipt of applications is the 20 December 42. The Directors fixed the above scale of salary in view of the number of basins in the factory, namely, 150 as against 500 basins for which the proposed Govt Filatures at Kollegal, the manager of which is to get a salary of Rs 350 - 15/2 - 500 only.

I am afraid that our filatures cannot afford to pay the very high salary of Rs 600 which Mr Macdonald

wants. I am circulating your Comments for consideration by the Directors at their meeting to be held soon after the 20 instant which is the last date for receipt of applications for the post.

Yours sincerely
Rajendra Prasad

To Sir Rao Bahadur C. P. Karunakara Menon
Secretary to the Government of Madras,
Development Deptt -

Dev.D

D.O. No 9670 D/42-8 d 22/12/42

( )

Sub: Industries - Sericulture - Kollegal Silk Filatures LP - Appointment of an Expe Manager.

The question of selecting a suitable person for appointment as Mana of the Kollegal Silk Filatures LP was discussed with the officers of the Govt of In by the Second Adviser during his recent visi to New Delhi. The Adviser has agreed to the Govt of India making enquiries in

Chungking to get an expert manager - a Chinese with knowledge of English. The results of the enquiry will be communicated in due course.

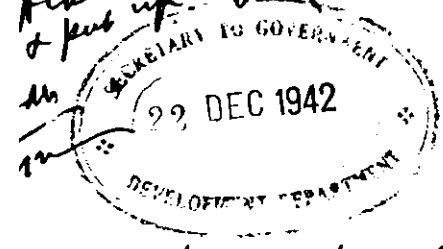
22124

21.12 = 21/12

To

P. Markham Menon Esq
M BE. I.C.S
D I & E
D/S.
23.12

Ack: & put up. with
Mr
Inv



Venkatesa Villas
Greames Rd, Cathedral P.O.,
Madras.
22-12-42

car Sir Karnataka mission,

& enclose copy of resolution passed
} the Board of Directors of the Mysore Silk Filatures Ltd.
n the 20 inst at Bangalore.

The Company's situation is critical
unless the Company is permitted to sell the present stock
of silk in the open market and realise itself
it will have to close down, in which case no body
would gain. Kindly do the needful & strongly recom
mend the revision & enhancement of prices for raw
silk as in the case of Mysore for future supplies & per
mission to sell the present stock in the open market.
Kindly acknowledge receipt of this letter & oblige
Yours sincerely
Raghavendra

with kind regards,

The Supply Department has not requisitioned this silk although
the Company has been keeping the Department informed
about the stock every week. Hence it is apparently not
required urgently by the Supply Department.

The Board Meeting of the Kollegal Silk Filatures Co. Ltd., was held at Raja Seva Saktha P.Subbarama Chetty's residence at Bangalore on 20th December 1942 at 6 p.m.

These present were:--

1. Diwan Bahadur T.Raghaviah (Chairman)
2. Diwan Bahadur A.Appadurai Pillai.
3. Raja Seva Saktha P.Subbarama Chetty.
4. M.S.Ganesa Iyer and
5. Sri K.T.Achaya, Government Director.

The following resolution was passed:--

1. Read reply No.SY-TX-62(5) 45 dated 4th October 1942 from the Supply Department to the Second Adviser.

The Board regrets to note the difference in treatment which is proposed to be observed between Kollegal and Mysore. The Company should not be punished for any omission on the part of the Ex-Managing Agents who have since been dismissed and are under prosecution. The Board considers it only fair that in regard to the silk, the Company has already supplied, it should be allowed an increase of Rs.1/2 on every anna rise in the price of cocoons with effect from 1st July 1942 as in the case of Mysore Filatures and this has to be done without delay so that the Board may continue working the Filatures with confidence. The Board cannot agree to the proposal to get the cost investigation made by a Central Government Officer as the deputation of such an officer and investigation by him will cause delay besides being unbusinesslike. It would necessarily involve considerable delay and consequent locking up of funds badly needed for the working of the Filatures.

The Company kept the Filature going in spite of rising price of cocoons in good faith that it would be given the same treatment as Mysore and it was strengthened in this belief by the telegrams sent by the Madras Government dated the 21st October 1942 to the Director General of Supply (Textiles) in which it was pointed out that the Company has been asked to continue production and that it would be losing heavily if the prices were not revised.

The Government Director had also brought this to the notice of the Director of Industries and Commerce, Madras in his letter dated the 6th October 1942. The Board had every reason to expect that control of cocoons and fixed prices for them would be introduced without delay and this was partly responsible for the non-purchase of cocoons in large quantities. The rise in the price of cocoons commenced in June and reached the peak figure of Rs.36 to 37 per maund of 25 pounds in the month of December. In the month of May when cocoons could have been brought in large quantities at favourable rates the Ex-Managing Agents bought as much as funds permitted and converted them into silk and supplied the silk to the Supply Department, Government of India. On account of the scarcity of funds thereafter and until the receipt of cheques for the supplies already made, the Ex-Managing Agents could not stock large quantities of cocoons. When ultimately the cheques arrived, the amounts realised were unfortunately misappropriated by the Ex-Managing Agents. Immediately thereafter, the misappropriation was discovered by the Board and this led to their removal and prosecution. The Board would therefore respectfully submit that the Company could not be penalised. If the contract is enforced to its very letter, the Company will have to be wound up. As an alternative to the revision of prices, the Company would respectfully submit that it may be allowed to sell the stock of silk on hand in the open market at the prevailing rates of Rs.31 to Rs.38/- per pound. This would enable the Company to tide over the financial stringencies and to stock cocoons for future supply. The Board would again respectfully reiterate that the past and future supplies should be paid for at an enhanced rate of Rs.1/2 per pound for every anna rise in the price of cocoons over 10 annas. If the control is introduced and 10 annas is fixed, this extra payment will not be necessary. In case the reliefs sought for are not granted, the Board will be regretfully compelled much against its will to cease manufacture for want of funds among other reasons.

Sd. T.Raghaviah (Chairman)
Sd. A.Appadurai Pillai
Sd. P.Subbarama Chetty and
Sd. M.S.Ganesa Aiyar.

The Government Director abstained from voting on the above resolution.

Dev Dept

D.O No. 13450 D/42 — dt 23/12/42

Dear Dewan Bahadur

Sub: Kollegal Silk Farms Ltd — Resolution of the Board of Directors, dated 20/12/42

I am to acknowledge receipt of your letter dated 22.12.42 on the subject mentioned above.

Yours sincerely,

23/12/42

D.O 23/12/42 OOS 23/12/42

To Dewan Bahadur
T. Raghavaiah
Chairman, Board of Directors
Kollegal Silk Farms Ltd

Note.

Lr sd 23/12/42

A Dept D.O. is sent with reg to dept's the letter order on ~~the~~ ~~letter~~. ~~As this is~~, the file will be

separation)
submitted, with a note on the point raised

Resolution of the Firm

2 3 1 nil

4.1.43

Department

From (Name) P. Madhava Menon Esq., M.B.E., I.C.S.,
Designation Director of Industries and Commerce,
Station Chepauk, Madras.

Received Registered

To

The Secretary to Government,
Development Department.

Enclosures:

No. 2342-D/42 dated 2nd January 1943.

Sir,

Subject:- Industries - Sericulture - Kollegal Silk Filatures Ltd. - Appointment of a Manager.
Reference:- Government Memorandum No.9670-D/42-5, dated the 3rd December 1942.

I enclose for the information of Government a copy of resolution No.3 passed by the Board of Directors of the Kollegal Silk Filatures Ltd., at the meeting held on the 26th December 1942 in regard to the appointment of Mr. Macdonald as General Manager.

2/1/43

Director of Industries & Commerce.

P.T.O.

Resolution No.3. Appointment of a General Manager for the Factory

Read:- Letter No.9670-D/42-5 dated the 3rd December 1942 from the Secretary to Government, Development Department, proposing the name of Mr. Macdonald for appointment as General Manager.

The Board considers that Mr. Macdonald is too old for the appointment in question.

Dev. Dept

To U.S

Enclosures for perusal of the Board's resolution above.

Enquiries with the Chinese Govt are being made by the Govt of India for securing the services of 2 Chinese (persons one as Business Manager & the other as Technical Expert) for the Factory, in Naini. This may be added to the main file on its return from Circuit

As may see. The question of Mr. Macdonald's appointment may be dropped

CAS 8/43

Dev 1/43 7143

b.1.43 7143

C 7143 S

No 9(4)

3 days

Dev. Dept

10-12

Letter No 9670 D/42-9 12.1.43

To The Chairman, Board of Directors,
Kollegal Silk Filatures Ltd, Madras

13/1

Sir

Sub: War - Supplies - Kollegal Silk Filatures Ltd - Supply of Silk to the Dept of Supply.

Ref Your letter dated 22.12.42.

I am to state that the Govt of Madras are addressing the Govt of India to reconsider their decision regarding the price to be paid for Silk supplied by the Kollegal Silk Filatures Ltd. differently

(with a request

~~from that paid to the Mysore Salaries~~

2 As regards the Chairs of the Board on the Cost investigation by the officers of the Central Govt, the Govt of Madras ~~do~~ am to state that I am to agree that the objections of the Board to such an investigation are reasonable Y.O.S.

~~Sympathise with their attitude on this issue~~

31/12

12/12

12/12

Letter No 9670 D/42 -10 dt 12.12.42

To The Secretary to the Govt of India
Dept of Supply, New Delhi

Sir

Sub War - Supplies - Kollegal Silk Farm
Ltd - Supply of Silk.

With reference to the correspondence resting with the telegram No Sy Tx - 62(5)/45 dated 4.12.1942, addressed to Sir Hugh Hood, on the subject mentioned above, I am directed to state that the Board of Directors of the Kollegal Silk Farms Ltd have represented that the Firm should not be penalised for any omission on the part of its ex-Managing Agents and that it should also be allowed, as in the case of the Mysore Filatures, an increase of Rs 1/2 on every anna rise in the price of cocoons as has been done in the case of the Mysore Filatures, with effect from 1.7.42 & the control of prices of cocoons is brought are with force. The Govt of Madras are of the opinion that this request of the Firm is only fair and that there are no reasonable grounds to treat this Firm differently from Mysore Filatures differential treatment to this Firm in the matter of prices of Silk. I am to request therefore that the Govt of India may

be pleased to reconsider their decision
Communicated in the telegram cited and
issue revised orders immediately allowing the same increase in
prices as have been allowed in the case of Mysore. The Company
has been let down by its Mexican Managing Agents and its financial position is
such that it cannot bear the penalty proposed in Your telegram.

The Company has been formed jointly with Govt of Madras. are separately examining the Question of requisitioning this factory if necessary, under the Defence of India Rules, and working it under their direct control with a view to ensuring a steady and adequate supply of [illegible] purposes.

The Company has been formed jointly with Govt of Madras. are separately examining the Question of requisitioning this factory if necessary, under the Defence of India Rules, and working it under their direct control with a view to ensuring a steady and adequate supply of [illegible] purposes.

[illegible]
31/10/42
Can
1.1.43
9/12/42
12/12/42

Dev Dept.

Letter No 9670 D/42 — 11 ನವೆಂಬರ್ 1942.

To The Controller of Supplies, Bgd
South India Circle, Madras.

Sir, Subject:- War - Supplies - Kollegal Silk Factories Ltd Supply of Silk for war purposes

The Chairman of the Bd of Directors
~~It is reported that the~~
Kollegal Silk Factories Ltd., Kollegal ~~have~~ has brought to notice that the company has in ~~their~~ its possession accumulated stock of Silk and that the ~~Silk has not been~~ ~~Supplied to the Dept of Supply in fulfilment~~ of its contract, ~~pending~~ a settlement of the prices to be paid for the Silk supplied

Supply Deptt. has not taken charge of them although the Company has been keeping that Deptt informed of the stock every week

the Board of Directors ~~of the Company~~ is represented that the Govt. of India should arrange to pay for this Company's Silk at the revised rates of prices, based on the prices of Cocoons, which have been allowed to the Mysore Silk Filatures. The Govt. of Madras have addressed the Govt. of Ind Separately on this Subject. Pending a Settlement of the rates of prices, the Board have represented that the firm should be allowed to sell the Accumulated Stock of Silk in the open market with a View to getting over its financial Stringency

the Govt. of Madras consider that the Mill should not be allowed to adopt this course in view of the need to secure all available Silk in fulfilment of the existing contract. The Firm would appear to hold the View that the Silk has not been requisitioned under any. Statutory provision and that it can ~~forfeit sell it in the open market~~. I am to request that steps be taken urgently to take over immediately, the accumulated Stocks of Silk with the Firm and to arrange for its payment for it expeditiously in order to enable the Firm to tide over the financial difficulty and to arrange for speedy

12/ production of silk by timely purchase of adequate quantities of cocoons. The Company has been

the Port of Natal may be informed of the action taken in this regard

1242
1242

unable to ask for more supplies of silk according to schedule and to enable it to expedite further production it is necessary that the silk produced should be taken over as quickly as possible and paid for so that money may be available for the necessary purchases of cocoons. The Company's financial position does not admit of accumulation of stocks without payment.

C.F. 22.

Department

From (Name) P.Madhava Menon Esq., M.B.E., I.C.S.,
Designation Director of Industries and Commerce,
Station M a d r a s.

UNDER SECRETARY 14 JAN 1943 DEVELOPMENT DEPARTMENT

Received Registered

To

The Secretary to Government,
Development Department,
M a d r a s.

Enclosures:

No. 1538-D/42 dated 12th January 1943.

Sir,

Subject: Kollegal Silk Filatures - Supply of silk.
Reference: Government endorsement No.9670-D/42-7 dated the 11th December 1942.

I enclose, for information of Government, a copy of the proceedings of the meeting of the Board of Directors of the Kollegal Silk Filatures Co. Ltd., held at Bangalore on the 20 December 1942 and suggest that the Government of India should be requested to see that the Kollegal Filature is dealt with the same lines as the Mysore Filatures in the matter of fixin the price of silk supplied to the Supply Department.

12/1/43

for Director of Industries and Commerce.

G.M.

(copy)

The Board Meeting of the Kollegal Silk Filatures Co. Ltd was held at Raja Sevasaktha P.Subbaramachetty's residence at Bangalore on the 20th December 1942 at 6 P.M.

Those present were -
1. Dewan Bahadur T.Raghavaiah (Chairman)
2. Dewan Bahadur A.Appadurai Pillai
3. Rajasevasaktha P.Subbarama Chetty
4. M.S.Ganesa Iyer and
5. Sri K.T.Achaya, Government Director.

The following resolution was passed --

1. Read reply No.Sy-TX-62(5) 45 dated 4th December 1942 from the Supply Department to the Second Adviser.

The Board regrets to note the difference in treatment which is proposed to be observed between Kollegal and Mysore. The Company should not be punished for any omission on the pa of the Ex-Managing Agents, who have since been dismissed and are under prosecution. The Board considers it only fair that in regard to the silk, the Company has already supplied it should be allowed an increase of Rs.1/2 on every anna rise in the price of cocoons with effect from 1st July 1942 as in the case of Mysore Filatures and this has to be done without dela so that the Board may continue working the Filatures with confidence. The Board cannot agree to the proposal to get th cost investigation made by a Central Government officer as th deputation of such an officer and investigation by him will cause delay besides being unbusinesslike. It would necessari involve considerable delay and consequent locking up of funds badly needed for the working of the Filatures.

The Company kept the Filature going in spite of rising price of cocoons in good faith that it would be given the sam treatment as Mysore and it was strengthened in this belief b the telegrams sent by the Madras Government dated the 21st October 1942 to the Director General of Supply (Textiles) in which it was pointedout that the Company has been asked to

production and that it would be losing heavily if the prices were not revised. The Government Director also brought this to the notice of the Director of Industries and Commerce, Madras in his letter dated 16th October 1942. The Board had every reason to expect that control of cocoons and fixed prices for them would be introduced without delay and this was partly responsible for the non-purchase of cocoons in large quantities. The rise in the price of cocoons commenced in June and reached the peak figure of Rs.36 to 37 per maund of 25 lbs. in the month of December. In the month of May when cocoons could have been brought in large quantities at favourable rates the Ex-Managing Agents bought as much as funds permitted and converted them into silk and supplied the silk to the Supply Department, Government of India. On account of the scarcity of funds thereafter and until the receipt of cheques for the supplies already made, the ex-managing Agents could not stock large quantities of cocoons. When ultimately the cheques arrived the amounts realised were unfortunately misappropriated by the ex-managing Agents. Immediately thereafter the misappropriation was discovered by the Board and this led to their removal and prosecution. The Board would therefore respectfully submit that the Company should not be penalised. If the contract is enforced to its very letter, the Company will have to be wound up. As an alternative to the revision of prices, the Company would respectfully submit that it may be allowed to sell the stock of silk on hand in the open market at the prevailing rates of Rs.31 to Rs.38per pound. This would enable the Company to tide over the financial stringencies and to stock cocoons for future supply. The Board would again respectfully reiterate that the past and future supplies should be paid for at an enhanced rate of Rs.1/2 per pound for every anna rise in the price of cocoons over10 annas. If the control is introduced and 10 annas fixed this extra payment will not be necessary. In case the reliefs sought for are not granted, the Board will be regretfully compelled much against its will to cease manufacture for want of funds among other reasons.

INDIAN POSTS AND TELEGRAPHS DEPARTMENT.

5 JAN 43

No. A.I.T.

Received here at ___ H. ___ M.

X YL NEW DELHI 15 STE 16

NO 62(5)/45 PATEL TO HOLD SILK REELED IN KOLLEGAL FILATURES IS FOU
TO BE OF VERY POOR QUALITY WHICH RETARDS PRODUCTION AND [redacted]
CAN BE USED IN SILK MILLS ONLY WITH THE GREATEST OF DIFFICULTTY
THE ACCUMULATION OF STOCKS [redacted] OF SILK AT THE KOLLEGAL
FILATURES AMOUNTING TO SOME FOUR THOUSAND (50) POUNDS WAS DUE TO
OUR DIFFWCULTY IN GETTING MILLS TO PROCESS THIS SILK WE HAVE
HOWEVER PERSUADED THE BENGAL SILK MILLS TO TRY KOLLEGAL SILK IN
SPITE OF ITS UNSATISFACTORY QUALITY BUT WE ARE NOT CERTAIN WHETH...
THE MILLS WILL AGREE TO USE [redacted] UP ALL THE AVAILABLE KOLLEGAL

The sequence of entries at the beginning of this telegram is—class of telegram, time handed in, serial number (in the case of foreign telegrams only), office of origin, date, service instructions (if any), and number of words.

This form must accompany any inquiry respecting this Telegram.

Eden Press, Calcutta—No. 144 (5173/B-93)—15-7-41—30,000 Bks.

INDIAN POSTS AND TELEGRAPHS DEPARTMENT.

MADRAS G 16 JAN 43 No. 1 I.C.

Received here at ___ **H.** ___ **M.**

SILK IT (100) IS CLEARLY IMPORTANT THAT THE BALANCE OF THE QUANTITY AMOUNTING TO SOME 26000 POUNDS DUE FROM KOLLEGAL SHOULD BE OF BETTER QUALITY IF WE ARE TO SUCCEED in ARANGING FOR THEIR EARLY UTILIZATION GRATEFUL IF YOU WILL TAKE IMMEDIATE STEPS TO ENSURE EARLY IMPROVEMENT OF QUALITY OF SILK OUTPUT AT (150) THESE FILATURES SUGGEST FOR YOUR CONSIDERATION THE ADVISABILITY OF PUTTING PEYCHAUD IN CHARG UNTIL SUCH TIME AS MORE S TISFACTORY PERMAMENT ARRANGEMENTS CAN BE MADE ADDSD Hond REPTD PAI ---------- WARSUP ----------

Put Rey Chaud in charge till him to get down all once to improve the quality of silk & to maintain our better Labour when an awaz is not will transfer Rey

The sequence of entries at the beginning of this telegram is—class of telegram, time handed in, serial number (for the case of foreign telegrams only), office of origin, date, service instructions (if any), and number of words.

This form must accompany any inquiry respecting this Telegram.

Eden Press, Calcutta—No. 144 (5173/B-93)—15-7-41—30,000 Blks.

SILK IT (100). IS CLEARLY IMPORTANT THAT THE BALANCE OF THE QUANTITY
AMOUNTING TO SOME 25000 POUNDS DUE FROM KOLLEGAL SHOULD BE OF BETTER
QUALITY IF WE ARE TO SUCCEED IN ARRANGING FOR THEIR EARLY UTILIZATION
GRATEFUL IF YOU WILL TAKE IMMEDIATE STEPS TO ENSURE EARLY IMPROVEME
NT OF QUALITY OF SILK OUTPUT AT (150) THESE FIGURES SUGGEST FOR Y
OUR CONSIDERATION THE ADVISABILITY OF PUTTING PLYMOUTH IN CHARGE UNT
UNTIL SUCH TIME AS THE STORY FROM MANAGEMENT ARRANGEMENTS CAN BE
MADE ----------

GOVERNMENT OF INDIA

DEPARTMENT OF SUPPLY

87

Telegrams CONSUPR

Telephone No. 4513

Codes: Bentley's

URGENT.

Office of the Controller of Supplies, South India Circle United India Life Building

No. SY-FE-1. Madras, 23th January '43

Dear Sir Hugh,

Mr.H.P.Patel has sent me a copy of the wire sent to you, regarding the improvement of the quality of silk at Kollegal. The quality of silk reeled silk at Kollegal has consistently been poor and the few mills that were worked the silk once a week failed to do so again.

Mr. Seyhel considers that nobody in the filatures is fit to train the staff and that if Mr. Vidyanathan, the present Asst. Manager, who could be trained to instruct the reelers, should also leave the filatured (in pursuance of the notice that he has already given) the situation will be extremely difficult.

I will be grateful if you could give me a few minutes to discuss the matter with you. I shall be out of town between the Tuesday and Friday next and any other day will suit me. But in view of the importanee of the matter I shall arrange to cancel my programme for these days if

P.T.O.

any of them happens to be more convenient to you. It is desirable that the Director of Industries & Commerce (and perhaps the Development Secretary) should be present.

Yours sincerely,

(M.P.Pa[illegible].I.C.S.)

Sir Hugh Wood, Kt., C.S.I., C.I.E., I.C.S.,
Adviser to His Excellency the Governor of Madras, Fort St.George
Madras.

with compliments
Copy/to P.M.Menon, Esq., M.B.E., I.C.S., Director of Industries & Commerce, Chepauk, Madras.

" A.R.C.Westlake, Esq., I.C.S., Development Secretary to the Govt. of Madras, Chetput, Madras.

Memorandum No. 1 D/43-1, dated 18-1-1943.

Industries - Sericulture - Kollegal Silk Filatures - Improvement of quality of silk.

A copy of telegram from the Govt. of India No. 62(5)/45, dated 15-1-1943 is forwarded to the D.I and C. The Director is requested to explain the situation to the Board of Directors of the Kollegal Silk Filatures Co.Ltd. and advise the Board to relie Sri K.T.Achayya, Sericultural Expert, of the duties controlling the Filatures and put Mr.Peychaud in charge of them at once. Mr Peychaud should be instructed to get down at once to producing better silk and improving the quality of the work turned ou by the labour which is not well trained. It is understood that Mr.Peychaud will continue to be paid by the Govt. of India. Sri Achayya will continue

to be in charge of the supply of cocoons to the Filatures.

dab 18.1.43.

18143

To the D.I.C.(with copy of India's telegram)
Copy to the Chairman, Bd. of Dir., The Kollegal Sil Filatures Co.Ltd.,Madras.

The result of the action taken in accordance with these instructions should be reported at an early date.

It is understood that Mr Raychaudhuri considers the retention of Mr Vaidyanathan the point Board Chairman who has given notice as essential for the running of the factory. The Director may Dr Raychaudhuri has ~~should be asked~~ to suggest suitable terms for Mr Vaidyanathan's retention

AW 18.1.43.

F. 32 (a)

UNDER SECRETARY
16 JAN 1943
DEVELOPMENT DEPARTMENT

Please put up [illegible] 83

11-4

From (Name) P.Madhava Menon Esq., M.B.E., I.C.S., Director of Industries and Commerce, Madras. — Department

Designation

Station

Received ——— Registered ———

To

The Secretary to Government, Development Department, Madras.

Enclosures:

No. 2342 D/42 dated 15th January 1943.

Sir,

Subject: Sericulture - Kollegal Silk Filatures Ltd., - Appointment of a Manager.

Ref 55-56 above

Reference: D.O.No.9670-D/42-8 dated 22nd December 1942.

--

As suggested by the Adviser to His Excellency at the time of his last visit to the Kollegal Silk Filatures Ltd., the company advertised for applicants with business experience for the post of Manager of the Filature. The Board of Directors did so and they have received certain applications which they are now considering. In view of the proposal under consideration to get an expert Manager - a Chinese - and in view of the possibility of the Government taking over charge of the Filature the Sericultural Expert, Kollegal, requests to be informed whether the Board of Directors of the Kollegal Silk Filatures Ltd., may be asked to defer the question of appointing a General Manager until Government orders are received on the subject. I request instructions in the matter.

16/1/43

Director of Industries and Commerce.

G.M.

15/1

GOVERNMENT OF INDIA

DEPARTMENT OF SUPPLY

Telegrams:
CONSUPRAS

Telephone No.
4513

Codes: Bentley's

Office of the
Controller of Supplies, South India Circle
United India Life Building

No.B/S.Y/FE Madras, 16th January 1943.

The Secretary to the Government of Madras,
Development Department,
Chetput,
Madras.

Sir,

Sub:- War Supplies - Kollegal Silk Filatures Ltd - Supply of Silk for War purposes - Your No.9670 D/42-11 of 12-1-1943.

---

pp 69-72 above

The delay in taking delivery of the silk reeled at the Kollegal Silk Filatures is due to its very poor quality, in consequence of which it has been found difficult to persuade any of the weaving mills now engaged on Govt. work to handle it. The Government of India have however been able to place a small quantity with the Bengal Silk Weaving Mills and the result of their experiments is awaited. In this connection kindly see the telegram No.62(5)/45 dated 15-1-43 from Mr.H.M.Patel, Dy.Director General of Supply, New Delhi, to Sir Hugh Hood, Adviser to H.E. the Governor of Madras.

pp 75-77 above

The Government of India are endeavouring to absorb all the silk now with the Kollegal Silk Filatures in spite of its inferior quality against War demands. The difficulty in releasing it for public sale arises out of the obvious fact that such release, to the financial advantage of the Company, at a time when the civilian market is very strong as a result of War demands, would be a direct inducement to the Filatures to continue to reel inferior silk. It is essential that the Company should improve

p.t.o.

its technical methods and reel silk up to the standard in the contract.

Investigation is also being made on the possibility of using the inferior silk for parachute components which do not need silk of the same standard as parachute cloth.

I am sending a copy of your letter to the Government of India for information and expedition of the action already on hand.

I have etc.,

(M.P. Pai, I.C.S.)
Controller of Supplies,
South India Circle,
Madras.

Send a wire to Govt!

No.1538-D/42. suggested that Peychaud will be

Director of Industries and Commerce,

Madras, 21st January 1943.

22 JAN 1943

1294

Dear Mr.Westlake,

Subject: Industries - Sericulture - Kollegal Silk Filatures - Improvement of quality of silk.

--

p81-82 above Will you kindly refer to Government Memorandum No.1052-D/43-1, dated 18th January 1943 regarding the Kollegal Silk Filatures Co. Ltd,? I have written to Achaya, the Government Director on the Board of Directors of the Company to place the matter before the Board of Directors and secure their consent at once for action as suggested in the Government Memorandum. Dewan Bahadur T.Raghaviah, the Chairman of the Board of Directors met me last evening in connexion with this Memorandum, and I explained to him that in the circumstances stated in the Government Memorandum it was quite necessary to put Mr. Peychaud in charge of the working of the Filatures. He told me that he personally agreed with this but as the consent of the Board was necessary in this matter he was putting it before them at a meeting convened at Bangalore on the 30th inst. when he hoped to persuade them to accept the proposal. I asked him whether it would not be possible to get their consent earlier by circulation of papers instead of calling for a meeting, but he explained that circulation of papers would only mean further delay, as different hares may be started by members and that to get a decision as early as possible the best thing was to have a meeting and he had convened it at the earliest possible date. He thinks that the other Directors will agree to put Peychaud in charge. He further explained that they would agree only to put Mr.Peychaud in charge of production

and since he would not be their paid employee amenable to their control they would like to have their own general manager to look after the administrative and financial side of the Company's affairs. I presume we need not object to such a course. The alternative would be to put Peychaud himself as General Manager, but in the circumstances stated by Mr.Raghaviah, the Board of Directors might not agree and we may have to requisition the concern outright.

Regarding the retention of Vaidyanathan's services, the Board at their meeting held at Kollegal on the 18th decided to raise his salary to Rs.150 p.m. It is now Rs.130 per month. I am told that as he was away on casual leave at the time it has not yet been ascertained whether he is willing to stay on for this pay. As it is reported that he is being offered a scale of Rs.200-400 by a private employer in Mysore, I am suggesting to Mr.Raghaviah that the Board should be prepared to offe him something more if he refuses to stay on for Rs.150 a month. I shall report on this further later.

I am enclosing for your information a copy of a D.O. dated 20th January 1943 from Mr.Raghaviah which I received this morning. I have told him that the present stock of 4000 and odd lbs of silk should not be sold by the Company in the open market until they have got the specific orders of the Government of India on the point. Apparently the Company is now rather hard up for working capital and if they can sell this stuff in the open market they expect to realise very much more than what they will get from the Government of India. I suggest that the Government of India may be addressed for very early orders on the point whether the silk should be retained for them or may be disposed of in the market.

I shall submit my detailed report on the Government Memorandum as soon as I hear from the Board of Directors after their meeting.

Yours sincerely,

28/1/43

A.R.C.Westlake Esq., I.C.S.,
Secretary to Govt., Development Dept.,
M a d r a s.

Copy of D.O. dated the 20th January 1943 from Diwan Bahadur T.Raghaviah, C.S.I., Venkata Vilas, Greame's Road, Cathedral Post, Madras.

--

H 81-82 above

With reference to our conversation this afternoon regarding Memorandum No.1052-D/43-1 dated 18th instant from the Government of Madras, Development Department, I like to say that the question of putting Mr. Peychaud in charge of production of silk in our filatures was discussed at the meetings of the Board of Directors held on the 18th and 19th instants at Kollegal and the Board was unwilling to do so because Mr. Paychaud was reported to have spoken disparagingly of the concern and the quality of the silk produced. But personally I am in favour of the proposal and I shall place it before the Board of Directors again at the meeting proposed to be held on 30th instant at Bangalore. I hope to be able to convince the Directors of the wisdom of the step suggested and have it sanctioned, specially as his supervision will be paid for by the Government themselves and as Mr. Achaya's hands are so full.

As regards the retention of Mr. Vythianadhan's services, the Board has already decided to revise the terms by raising his salary to Rs 150/- a month.

The next important thing is about the disposal of the present stock of 4,000 and odd lbs of silk. This is said to be inferior in quality and the Government of India have asked the Bengal Silk Mills to try it in spite of its unsatisfactory quality. The Board wants to dispose of this silk in the open market where it can be readily sold at an attractive price. So, if the Government does not want to take over this stock, we may be informed accordingly at a very early date so that we may dispose of it in the open market and secure funds so necessary for further production. As the future production will be under the supervision of Mr. Paychaud the quality of silk is bound to be up to the standard required. This will be further ensured by the purchase of cocoons being made by Mr. Achaya.

As Mr. Achaya has to be relieved of ment of the Filatures it is absolutely necessary to appoint a General Manager commanding the confidence of the Directors to look after the executive side of the Company's affairs and coordinate its activities. This subject also will be disposed of at the meeting fixed for the 30th instant.

I have detailed the action proposed to be taken by the Board on the several points raised in the Government Memorandum. I shall be glad if you will kindly let me know at once whether this meets with your approval.

State. Express Telegram No. 9670-D/42 dated 22.1.43

To

Warsup

New Delhi.

pp 77-79 cf

Your telegram 62(5)/45 Fifteenth January addressed Hood Stop Madras Government hope to put Peychaud ~~will be put~~ in charge production Kollegal Silk Filatures early next month Stop Please wire whether Company may be allowed to sell present stock of ~~silk~~ Four thousand odd pounds silk in open market or whether it should be retained for Central Government.

Devment.

Note & see above

C. to go.

copy to DFSc Surplus

22.1.43

22/1/43.

Memo. No 9670. D/43.

Industries – Sericulture – Kollegal Silk Filatures – Appointment of a Gl. Manager.

From the D.I.C.No. 2342 D/42 d 15.1.43 pp 82 CF
~~From the D.I.C.No 1538 D/42 d 21.1.43.~~ pp 87-88 CF

The D.I.C is informed that the Bd. of Directors of the Kollegal Silk Filatures Co. Ltd may proceed to appoint for the present its own General Manager to be in charge of the administrative side of the company's affairs as suggested by the Dir

✓ m p 88 CF

2 The detailed report called for in Memo. No. 6052 D/43-1 of 18.1.43 is awaited

Dec 26/43.

To the D.I.C
R p 82 CF

Not utilised

Same as the letter at pp 85-86 above

Telegrams "CONSUPRAS." Telephone: 451

GOVERNMENT OF INDIA

DEPARTMENT OF SUPPLY.

Controller of Supplies,
South India Circle.

United India Life Building,
Madras, dated 23-1-1943

Ref. SY-FE-1.

To
The Secretary to the Govt. of Madras,
Development Department,
Chetput, Madras.

Sir,

Subject: War Supplies - Kollegal Silk Filatures,Ltd., Supply of Silk for War purposes.
Your Number 9670-D/42-11 dated 12-11943.

above

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The delay in taking delivery of the silk reeled at the Kollegal Silk Filatures,Ltd., is due to its very poor quality, in consequence of which it has been found difficult to persuade any of the weaving mills now engaged on Govt. work to handle it. The Government of India have however been able to place a small quantity with the Bengal Silk Weaving Mills and the result of their experiments is awaited. In this connection kindly see the telegram No.62-(5)/45 dated 15-1-1943 from Mr.H.M.Patel, Dy.Director General of Supply, New Delhi, to Sir Hugh Hood, Adviser to His Excellency the Governor of Madras.

The Government of India are endeavouring to absorb all the silk now with the Kollegal Silk Filatures inspite of its inferior quality against War demands. The difficulty in releasing it for public sale arises out of the obvious fact that such release, to the financial advantage of the Company, at a time when the civilian market is very strong as a result of war demands, would be a direct inducement to the Filatures to continue to reel inferior silk. It is essential that the Company should improve its technical methods and reel silk up to the standard expected in the contract.

Investigation is also being made on the ~~probability~~ possibility of using the inferior silk for parachute components which do not need silk of the same standard as parachute cloth.

I am sending a copy of your letter to the Government of India for information and expedition of the action already on hand.

I have etc.,.

(M.P.Pai.I.C.S.)
Controller of Supplies,
South India Circle,Madras.

UNDER SECRETARY
31 JAN 1943
DEVELOPMENT DEPARTMENT

No. SY/TX-62(5)/45
Directorate General of Supply.
Textiles Directorate.
New Delhi, the 27th January, 1943

Telegram No.SY/TX-62(5)/42
Dated: 25th January, 1943.
From: Marsup, New Delhi.
To: Devement, Madras.

SY/TX-62(5)/45 Stop Your telegram 9670-D-42 January 22nd KOLLEGAL SILK Stop FILATURES have been instructed to consign fourthousand pounds silk from present stocks to BENGAL SILK MILLS

Copy by post in confirmation to the Secreaty, Development Department, Government of Madras, Madras.

(C.W. Tosh).
Director. Textiles.

Memo No. 9670 D/42-12 d 3.2.43

Sub: War - Supplies - Silk - Kollegal Silk Weavers Co-op Supply Society Ltd

Ref: From the DIGE No 2342 D/42 d 15.1.43 and No 1538 D/42 dated 21.1.43.

The DIGE is requested to report urgently whether the Board of Directors of the Kollegal Silk Weavers Co-op Supply Society Ltd have agreed to put Mr Peychand in charge of production in the factory, and to inform them that the Govt will be constrained to requisition the concern under the D.O.I. Rules, if they refuse

[illegible] 83 cf
Pp 87-88 cf

[illegible] Govt has proposed to see 30-1-43 N
[illegible] No - Vide

[illegible] Pp 14 N 2.

agree to this Course

A copy of Telegram No Sy/Tx.62(8)/43 dated 27.1.43 from the Director General of Supply, New Delhi regarding the consignment of present Stocks of Silk with the Coy to Bengal Silk Mills is forwarded to the DIGE. He should send a report regarding the despatch of Silk by the Company to Bengal

C 3243

Dir 2.43 Dep 2243

To the DIGE.

To the DIGE

Received the 3/2/43. Issd. 15-2-43 R. 15.2.43

C.F. 32 (a).

2935

Industries & Commerce Department

From (Name) A. Khaleeli Esq., I.C.S.,

Designation Director of Industries and Commerce,

Station Madras.

Received 19 FEB 1943

To

The Secretary to Government,
Development Department,
Madras

Enclosures:

No. 1538-D/42 dated 17th February 1943

Sir,

UNDER SECRETARY 19 FEB 1943 DEVELOPMENT

pp 95-96 above 3-2-1943.

War - Supplies - Silk - Kollegal Silk Filatures Ltd
Ref:- Government Memorandum No. 9670-D/42-12 dated

have placed Mr. Peychaud in charge of the production side in the Kollegal Silk Filatures Ltd., Kollegal, fro to-day. The Board of Directors have agreed to this in their resolution passed at a meeting held on 1-2-43 at Bangalore. A copy of the memorandum issued by me to Mr. Peychaud is enclosed.

pp 97-98 below

A. Khaleeli

Director of Industries & Commerc

Copy of memorandum No. 1538-D/42 dated 17th February 1943 to Mr. R. Peychaud.

M 81-82 4

In memorandum No.1052-D/43-1 dated 18-1-43 Govt. asked me to advise the Board of Directors of the Kollegal Silk Filatures Co.,Ld., to place you in charge of the Filatures at once. The Board of Directors passed the following resolution at the meeting held on the 1st February 1943:-

"Change of control of the filature in accordance with the instructions of Government:
The change will be given effect to. Mr. Peychaud will be in charge of the technical side of the filatures for the production of silk. Mr. Acnaya will be in charge of the administrative control of the filatures until the position is clarified on a reference to be made to Government in the matter."

The Board are being told that Government are not prepared to allow Mr. Acnaya to continue to be in administrative control of the filatures. This aspect of the question will be reconsidered at the meeting of the Board to be held on the 20th instant at Madras. In the meanwhile you should consider yourself in charge of the filatures from to-day on the technical and production side of it including the purchase of cocoons. Orders as regards control of the administrative side will issue at an early date.

M 81-82 4

Govt. have in their memorandum cited above asked me to instruct you to get down at once to producing better silk and improving the quality of the work turned out by the labour which is not well trained.

A report should be submitted so as to reach me by the 15th March 1943 as regards the improvements effected on the productic side and the progress made in the training of skilled labour.

Pl see ✓

(Dear Mr. K.)

pp 97-98 cf.

H 81-82 cf.

B on H 81-82 cf

M on p 98 cf

DW. Dept

D.O. No 9670 D/42-13 d 23.2.43

Sub: War - Supplies - Kollegal Silk Filature

DW - Affairs of

Ref: Your letter No 1538 D/42 d 17.2.43

In Govt memo No 1052 D/43-1 d 18.1.43, it was ordered that Acharya should continue to be in charge of the supply of cocoons to the filatures. But in your letter cited, you have instructed Peychand that he should consider himself to be in charge of the technical and production side of the filatures including the purchase

of cocoons. I am to enquire
why Peychaud has been entrusted with
the purchase of Cocoons also the Modi-
cate of the Govt orders cited above.

UNDER SECRETARY
23 FEB 1943
DEVELOPMENT DEPARTMENT

SI/Ta-CE(5)/45.
Government of India,
Department of Supply,
Directorate General of Supplies,
(Textiles Division),
New Delhi, the 19th

The Secretary to the Govt. of India,
Development Department,
NEW DELHI.

Subject:- Woollen Serge Khaki Drab. Supply of Silk.

Sir,

pp 67-68 above

[In reference to your letter No. 2870 D/4-IC, dated 8th January 1943] the question of the price of Silk has been under the consideration of the Government for some time. The price of Silk has been fixed by the Government of India from time to time, and the last one was in 1944, the price originally fixed by the Government of India was based on the cost of production of Silk in the country. It was expected that the price would yield a reasonable profit to the producers. It was also expected that the price would be stable for a long period. But events did not turn out as anticipated by the Central Govt. Costs of all kinds increased and the price of Silk in the country also increased.

pp 29-31 above

2. It is regretted that the Govt. of India have not been able to meet the demand for Silk at the price fixed by the Government. The matter was considered in the Supply Department, Govt. of India, and the decision of Sir Hugh Weightman, therefore, only in the case of Silk for the manufacture of Woollen Serge Khaki Drab.

3. It is requested that the above decision may please be communicated to the Woollen Mills concerned for information and necessary action.

I am etc.,

(Illegible)
Deputy Secretary to the Govt. of India.

Seen by Secy. S's orders
Send copy of paras 1 & 2
to D/C & Batchelor
of Bombay D.O. dly
C
23 2 43

Please issue urgently

Encl also to be issued

Case to be circulated to A2 after issue

Pp 73-74 cf

Paragraphs 1 & 2 only of the letter at p 99 cf.

p 67-68 cf

was 1 & 2 at p 99 cf

I

Dev. Dept

D.O. No 9670 D/42-14 d 25.2.43

Sub: Kollegal Silk Filatures Ltd - Supply of Silk. Revision of rates.

Ref: Dr. Madhava Menon's letter No 1538 D/42 d 12.1.43

I am to enclose extracts from the letter of the Govt of India No Sy Tx-62(5)/45 d 19.2.43 on the recommendation of the Govt of Madras regarding the revision of prices of Silk supplied by the Kollegal Silk Filatures and to request that the Board of Directors of the Firm may be informed of the decision of the Govt of India

in the matter.

(Y. S)

Dec
3.9.43 Rec
23.243.

(approved by Secy
in note)

J.

A. Khaleeli Esq I.C
DIG

Dev. Dept

Confidential

11

D.O. No 9670 D/42-15 d 25.2.43

Sub: Kollegal Silk Filatures Ltd - Contract for supply of Silk to the Govt of India
Revised rates of prices of Silk.

I am to enclose for your information paras 1 & 2 at pp 99 extracts from the letter of the Govt of India No SyTx - 62(5)/45 d' 19.2.43 on the Question of the revision of prices of Silk to be supplied by the Kollegal Silk Filatures Ltd and copies of the relevant portions of the Correspondence leading to the reply from the Govt of India and

Subject to orders.
It is necessary to give an idea of the previous correspondence with the matter about which the Collector has no knowledge

(Y. S.)

Dn 3 Jul 3 Mar 23543

C 24243

(Approved by Secy in note)

To

B. W. Batchelor Esq

Director M/s Binny & Co

Letter dtd 25/2/43 written

(1) Dn No 9670 D/42-4 d 26.11.42 to Mr Target H 35-36 of Mad

(2 Telegram No Sy. Tx-62(5)/45 d 4.12.42 from H 43-51 of Mad
IN Govt of India

(3) Copy of Resolution d 20.12.42 of the Bd of Directors of the Kollegal Silk Fibres Ltd. H 59-60 of

(4) Letter from the Govt of Mad No 9670 D/42-10 d 12.1.43 to the Govt of India. H 67-68 of

Dev Dept
10

D.O. No 9670 D/42-16 d 2.3.43

My Dear -

Sub: War - Supplies - Silk - Kollegal Silk Scheme

Ref: My D.O. No 9670 D/42-13 d 23.2.43.

I am to request you to expedite your reply to the letter cited, and to enquire whether the Scheme has consigned 4000 lbs of silk from its present Stocks to Bengal Silk Mills as desired Govt Memo No 9670 D/42-12 d 31.

Yours sincerely,
Y.S.
for Secy

Pp 99-100 cf.

ibid

X cr p 96 cf.

✓ pp 95 96 cf

A. Chalecki Esq I.C.S.
D I & C

1.3.43 1.3.43.

D.O.No.1038-D/42

Department of Industries
and Commerce,
Madras, 4th March 1943.

My dear Sivasankar,

Sub.:- War - Supplies - Kollegal Silk Filatures Ld.- Affairs of -
Ref.:- D.O.No. 9670-D/42-13 dated 23-2-43 from Mr. Narasimhan, I.C.S.

In Government Memorandum No. 1052 D/43-1 dated 18-1-43, Government asked me to advise the Board of Directors of the Kollegal Silk Filatures to relieve Sri K.T. Achaya, Sericultural Expert, of the duties of controlling the filatures. This I did on the 20th February 1943. The Board accepted the advice tendered by Government. But before the Board met I had put Peychaud in charge and knowing Government's desire to relieve Achaya of any say in the control of the filatures, I had to make some arrangement for the purchase of cocoons. I would point out that Achaya was making payments for the cocoons purchased at the filatures in his capacity as Manager of the factory and that he was

not really effecting the purchase which was being looked after by the Works Manager

Further both Achaya and Peychaud agreed that the manufacturer should have the last word as regards the suitability of cocoons to be reeled. With this view I readily fell in and when I saw the Second Adviser to H.E. the Governor on 10-2-43 I mentioned this fact to him. I also told him that I proposed placing Peychaud in charge of the purchase of cocoons. Strictly speaking the memorandum of 18th January has to this extent to be modified but I do not know if this is necessary since it is proposed to requisition the filature at the earliest possible date and to allow Peychaud to manage it, for the present any way.

Yours sincerely,

T. Sivasankar Esq., I.C.S
Deputy Secretary to Government,
Development Department
Madras.

Dev Dept
To U.S.

In the circumstances stated above no action is called for on this letter. May be filed with papers.

5343 for D.S.

C: 6.3.43

Dev. Dept

1693

Memo No 9670 D/42-1B d 9.3.43

Sub: War - Supplies - Kollegal Silk Filaments
— Purchase of Cocoons.

pp 81-82 of
pp 97-98 of

Ref: (i) Govt Memo No 1052 D/43-1 d 18.1.
— (ii) From the Dte, No 1518 D/42 d 17.2.43

In partial modification

of B on p 82 of.

of the instructions issued in the memo cited
the Govt approve the action of the Dte
in directing Mr Peychaud to be in

X on p 110 of.

& order in Circular
on p 110 of

charge of the purchase and supply of
to the filatures.

The Dte
DPP
9/11/43

9343

DD
8/3.43 DD 8/43

.....Department	Received.....Registered.....
From (Name) A.Khaleeli Esq., I.C.S.,	To
Designation Director of Industries and Commerce,	The Secretary to Government, Development Department.
Station Chepauk, Madras.	

Enclosures :

No. 2342-D/42 dated 12th March 1943.

Sir,

Sub: War-Supplies - Silk - Kollegal Silk Filatures Ltd - Supply to the Textiles Directorate.

Ref: Para 2 of Government Memorandum No.9670-D 42-12 dated 3rd February 1943 and Government D.O.No.9670-D/42-16 dated 2nd March 1943.

UNDER SECRETARY 13 MAR 1943 DEVELOPMENT DEPARTMENT

P107 abbreviation

2000 lbs. of silk were consigned from Kollegal to the Bengal Silk Mills on the 4th February 1943. A similar quantity of 2000 lbs. was despatched from Bangalore on 20th February 1943. It has been reported that the delay in the latter case was due to booking restrictions.

Dev. Dept

Submitted for perusal with ref to N on p.75 above. No action is called for. Now with file

Director of Industries and Commerce.

c.v./12-3.

2 perusal

C 1534 DSI 16/3/43

A2

16/3/43

3.4.43 B3843

C:16343
R 16343

GOVERNMENT OF INDIA
DEPARTMENT OF SUPPLY

No. SF/MAD. 17 MAR 1943 16th March, 1943.

OFFICE OF THE CONTROLLER OF SUPPLIES, SOUTH INDIA CIRCLE, MADRAS.

The Secretary to the Government of Madras,
Development Department,
Madras.

Sir,

Sub.: Kollegal Silk Filatures, Ltd.
Supply of Silk.

1. I have the honour to invite reference to D.G.S. Textiles Directorate, letter No. SY/TX-62(5)/45 dated 2-3-43 and request to be furnished with a copy of your letter dated 12-1-43 to which it is a reply.

2. It is requested that a copy of telegram No. SY/TX-62(5)/45 dated 4-12-43 referred to therein may also please be furnished.

3. It is presumed that the decision of the Directorate has been communicated to the Kollegal Silk Filatures.

I have etc.,

For Controller of Supplies,
South India Circle,
Madras.

Dev. Dept

Ltr No 9670 D/42-18 d 20343

To The Controller of Supplies,
South India circle, Madras. Rcpd. with encl

Sub Industries - Sericulture - Kollegal Silk Handicraft
Supply of Silk.

Ref your letter No SF/MAD dated 16.3.1

I am directed to enclose
Copy of telegram No SY/Tx-62(5)/43- d 4.12.4-
from the Directorate General of Textiles and Copy of
letter No 9670 D/42-10 d 12.1.43 from the Govt of
Madras to the Deptt of Supply, Govt of India, as
desired by you. The D/Ke Madras was asked to
inform the Company of the decision of the Govt of India
regarding the price of Silk.

18.3.43
DC
18/3/43

Yours
C
20343

NOTES

The Controller of Supplies, Southern Circle and Mr. Peychaud, Deputy Director-General, Textiles, saw me today with the Director of Industries and Commerce and pointed out the unsatisfactory progress made by the Kollegal Silk Filatures in complying with the war orders for silk undertaken by Filatures. Out of 40,000 lbs. of silk to be supplied by these Filatures between April and December 1942 the actual quantity supplied up to end of September is only about 5,800 lbs. and the Sericultural Expert who was asked by Mr. Peychaud several times was putting forward different reasons for the slow progress. It seems that out of the 150 basins not even half are worked. The difficulty seems to be the shortage of cocoons, but the Sericultural Expert has not explained why the supply of cocoons should be inadequate even for 150 basins when we are expecting to ~~construct~~ supply also a new factory with 500 basins. One of the reasons stated by the Sericultural Expert was that Messrs. Silva & Sons who ~~were~~ were in charge of the management had not made adequate arrangements for the supply of cocoons. The question then arises what steps did the Sericultural Expert, as the Govt. Director, took to ensure sufficient supply of cocoons for the proper execution of war orders. The report recently sent by the Sericultural Expert to the Director-General of Supplies is that prices of cocoons have gone very high, from 10 annas a pound to Re.1/-, that the war orders are therefore being executed at a loss and that therefore ~~asking for~~ increased prices ~~for silk~~ should be allowed for the Silk Supplied

The quality of silk produced is also reported to be not quite good.

There is one boiler in the Filatures and it seems the Sericultural Expert suggested that with an additional boiler all the 150 basins could be worked. Mr. Peychaud says as his personal opinion that the existing 150 basins can be worked by the existing boiler and that the real defect is ah green fuel

is being used for the boiler. As the prospects of getting the quantities contracted for do not seem hopeful, both the Controller and Mr.Peychaud press that the Sericultural Expert should be asked to state his real difficulty so that steps may be taken to get over it.

They also referred to the proposed new factory and suggested that enough cocoons cannot possibly be had for the 500 basins proposed for the new factory in addition to the 150 basins of the Kollegal Filatures. It seems there are only 10,000 or 10,500 acres under mulberry in Kollegal, Hosur etc., and the produce can feed only 400 basins in all.Excluding the 150 existing basins, we can provide in the new factory only for 250 basins. All the cocoons produced may not be fit for parachute silk and we have to make allowance for rejects and leakage. We have also to consider the question of seed. Enough seed for the proposed additional production may not be available. They say that production rate cannot be more than 225 to 250 lbs. per acre under mulberry. Mysore cannot spare any cocoons as they propose to provide from 1400 to 2,000 basins for meeting H.M.G.'s demand. The availability of cocoons has a direct bearing on the number of basins to be provided in the factory and should be examined urgently.

As the matter is urgent, I have wired to Sericultural Expert to come to Madras on 5-10-42. The question will be discussed with him and the Director of Industries and Commerce.

Copy given to DD&C

As I have seen this note & the DD&C's reply. Controller of Stores & the Dy Dir: of Textiles (Sm. Rajkumari) and Mr Peychaud & I discussed the matter & the points raised in the note above. Mr Peychaud [illegible] acreage under mulberry which can

note says it is 15000 acres. Will the new plantings in August & September yield cocoons by the time the new factory starts? If not how are the 650 (600 + existing 150) basins to be fed? We must ask D & C at once to furnish the figures of acreage and verify the correctness of the Acharya's report & report to Govt. I have noted that S. is to verify the figures given by the Acharya we let us confirm it by air on

CM
13.10.42

13 X 42 ✓

To under Secretary

A draft D.O. is submitted

SPG
14.10.42

14 X 42 ✓

cf [Issued as Memo No 9670 (H) D/42-1 d 14.10.42 to DIBC]
cf [From DIBC D.O. No 1538 D/42 d 19.10.42]

To under Secretary

With reference to orders at p 7 cf, a draft telegram to D.G. of Supply, T.D and a draft memo to the DIBC are submitted for approval

21 X 42

Issue & submit for perusal CM 21.10.42

DRO
21.10.42

S

SPG
21.10.42

[Issued as Telegram, dated 21.10.42 to the Dept of Supply]

[Issued as Memo No 9670 D/42 d 21.10.42 to the D Dy]

[From the Dept of Supply: Telegram dated 24.10.42]

To Undersecy

Please see the reply telegram from the Dept of Supply at fr 17 cf. with ref to this depts' telegram at fr 13-14 cf.

A draft endt at fr 18 cf. is submd for approval. Dept of Supply may be reminded on 12.11.42, if no reply is received by then

DNO 10.11.42

CAM 30/10/42

[Issued as Endt No 9670 D/42-3 d 31.10.42 to D.S.C.]

[From the Dept of Supply, Telegram dated 6.11.42

To U.S.

Please see the telegram from the Textiles Directorate at fr 21 cf. the D.O. to the Adviser from the Targets mentioned therein, has not been received in the Sec. It may be awaited. For orders. As may see

DNO 11.42

CAM 9/11/42

As I have just received it is better to bring up for discussion as soon as I return to Madras

C: 10.11.42
R 13.11.42
Endt No [illegible] dated 14.11.42 at fr 23-26 cf

CAM 13/11/42

Discussed. ✱ A business Manager should be appointed, some good experience of business. Shaw in office for long reply to our Targets. Also please show this file as

Kolegal Station

A2 inspected this recently - 110 basins (out of 150) were working. Supply Deptt. contract has been placed in execution - No proper basin-men Manager. Mr. Acharya cannot do his job effectively as he has no basin experience & has enough to do in other directions (1) Mr. Target, DS & Subdivision) to be asked to for details about Mr. Medonal referred to in his telegram

(2) Engine & boilers are leaking as The boilers shd. be examined by an expert (boiler engineer) to ascertain whether or not the two boilers, if properly fired with suitable fuel, can supply enough steam to keep the 150 basins working. — Deacon is to

(3) Also a more efficient engine driver is necessary C.E. to be consulted whether he can spare a good man. - Dr. Hall to

(4) If the Stations are to be registered under the A. of the Rules, what Capital is required to work the factory and how can this be provided? This question may be taken up for examination in separate file Please draft.

Extract from the file

To Undersec

Separate file has been opened re item (4) on p. above & submitted on 16.11.42 with a draft D.O. to the DIBe

Items (1) to (3) on p 1 above

Three drafts are submitted for approval.

16.11.42

Issue.

17/11/42

A draft reply to Mr. Targett's D.O. (on file 23-14 Cf) is submitted below for approval

CSW

As amended — the f.c. may be put up to me

What has happened about the manager Has it gone to M.S. Commissioner? if so when can the reply be expected

CSW
21-11-42

F.C. at once and show. I have cut out the portion re: particulars about Mr. McDonald as we have received a telegram today communicating the particulars. CSW

F.C. for signature."

2. The post of Manager of this factory "Kollegal Silk Farm" has not been advertised. At the discussion of this subject by me vide Note at A2 on 15.11.42, it was proposed that we should write to Mr. Targett about Mr. McDonald's particulars only. Targett has retired since about this — p.31 Cf. for orders whether he will be appointed. If so, the Board of Directors will have to be asked to appoint him (D.D.A.C.H. has been asked to report on the financial aspect — capital etc — if the factory is to be reprivatised).

E. The post of Manager of the new Govt. Silk Farm has since been advertised again by the D.D.A.C. vide his note at p.7 Cf. in L.F. I] CSW

26/11/42

Offr. with regard to Manager Sandesha

[illegible]

The advt appeared on 25th May
after the Govt Notification. What
is done about manager Nolan
visits Pilatus

Issue reply & return file to me
CAH
27/11

This point is answered in paragraph 2 of my note
at p. 7. Views are requested about Mr. McDonald.
If he is to be appointed, he may be the Manager. The
~~Secy~~ Board of Directors either consulted

CAH
27/11

R. 1-12 etc
C: 28714 etc
WRM 21/3
1089 Lagos

Mr. Secy & Directors this
matter requires about Mr McDona

V Secretary

A draft memo
Chairman of the Board of Directors are submitted for

The report from the D.I.& C regarding the adequacy of the supply of cocoons is submitted for perusal. The D.I.& C has been asked to draft a scheme for the control of prices of cocoon

Issued as Memo.No.9670-D/42-5 dated 3-12-42 to the D.I.& C

Issued as Letter No.9670-D/42-6 dated 3-12-42 to the Chairman of Kollegal Silk Filature

From the Department of Supply, New Delhi, telegram dated 4.12

From Diwan Bahadur T.Raghaviah letter No.Nil dated 5-12-1942

To Under Secretary.

Letter at pp 53-54 c.f:- No action is called for now. Further communications from the Board and the D.I.& C may be awaited.

Revision of contract prices for silk supplied by the Kollegal Silk Filatures:-

Under the arrangement now proposed by the Department of supply, the Company can just manage to keep up the contract without loss. The Company wanted the insertion of the 'escape clause' in the contract under which it would be entitled for a claim for a profit not exceeding seven and a half percent. This is not conceded in the revised prices offered by the Dept. of Supply.

For orders whether any further representation will be made to the Dept. of Supply in the matter. Subject to orders, a draft end+ at page 52 c.f is submitted for approval.

Control of prices of cocoons:- The D.I.& C has been asked to draft a scheme of control. It is awaited.

S (for orders on A above)

Please put up the advertisement referred to at A on p 53 c.f. I was not aware of that

To under Secretary.

The advertisement referred to at A on p 53

is put up at (J). (No reference regarding this was made to the Govt either by the D.I.G.E or by the Kollegal Silk Weavers Assn.)

-42 22/12/42.

Chm 9/12/42 Sec 11/12/42

For perusal of Diwan Bahadur Raghavachari's letter at pp 53-54 Cf. and Mr. Tarapore's telegram at pp 43-51 Cf. A scheme for control of cocoons has since been received from the D.I.G.E. and further action is being taken to consult Mysore about it.

The post of Manager of the existing Filature at Kollegal has since been advertised (flag (I))

Chm. 14/12/42

Sec 14/12/42

Chm agrees to (b) of 1 under requisites in Chemistry Asst. an expert manager - chemist with knowledge of silk

Sec 14/12/42

Chm 14/12/42

Con 15/12/42

To undersecy —

With reference to A2's minutes above a dr. of D.O. to the D.I.G.E. is submitted.

Communication from the Govt of India —

A above may be awaited till 15.1.43

Chm 22/12/42

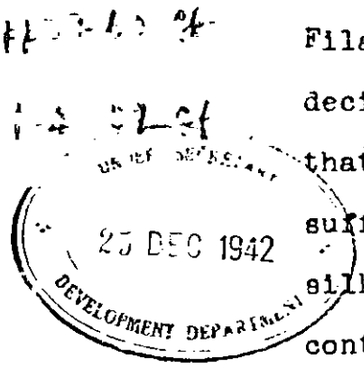
12/43 22/12/42

[Issued as D.O. No 9670 D/42-8 d 22.12.42 to D.I.G.E.] pp

[From Rt. Diwan Bahadur T. Raghaviah, letter No 22.12.42] pp 57

[Issued as D.O. No 9650 D/42-1 d 23.12.42 to D.I.G.E.] p 61

To U.S.



The chairman of the Board of Directors of the Kollegal Silk Filature Ltd. has forwarded the resolution of the Board on the decision of the Govt. of India in their telegram dated 4-12-42 that the present contract rate less profit plus a sum just sufficient to cover losses be fixed as the revised price for the silk to be supplied by the firm till the price of cocoons is controlled. The following points in the resolution require the consideration of the Government:-

(i) That the firm should not be penalised for the fault of its ex-Managing Agents;

(ii) That the Board cannot agree to the cost of investigation by a Central Govt. Officer;

(iii) That the firm should be allowed with effect from 1-7-42 an increase of Rs.1/2 on every anna rise in the price of cocoons as in the case of Mysore filatures;

(iv) That the firm should be allowed to sell its silk in the open market in the alternative;

(v) That control of prices of cocoons should be introduced; and

(vi) That if either of the reliefs in items (iii) and (iv) is not granted, the firm will have to close down for want of funds among other reasons.

Items (i) to (iii) and (vi). In the D.O. at pages 35-36 c. all the facts relating to the need for the revision of prices of silk, in order that the firm may not lose in the contract, were reported to the Govt. of India. It will be observed from portion 'R' on page 25 c.f. that the Govt. of India also anticipated an enhanced payment to this firm as in the case of the Mysore Filatures; but they have ultimately decided to cut out the profit element as a penalty and ~~acceded to seeing the~~ to ensure that the firm does not lose in the contract. If profit is to be allowed, the firm need not fight shy of permitting the cost investigation by the Central Government officers. The one point in favour of this firm is that it be given similar treatment as in the case of Mysore Filatures in the matter of price of silk. The Govt. of India have not specifically stated why the concession should not be extended to this firm also. It is a fact that if the firm continues to supply silk at the contract rate involving a loss of Rs.5 or perhaps more now for each pound, its working capital will go on dwindling resulting in the ultimate closing of the factory.

It is submitted that ~~there is~~ a proposal to requisition the factory and work it by Government is separately under consideration. Pending a decision on that proposal it is for orders whether the Govt. of India may be addressed to reconsider their decision and to allow the benefit of the 'escape clause' in respect of the contract which will ensure a profit of 7½ % on an increse in the price of cocoons.

Item (iv). In view of the need for the prompt supply of all silk available for war purposes it does not appear feasible to allow the firm to sell the present stock of silk in the open market in default of the contract. It is also not clear how the Sericultural Expert has allowed stocks of silk to accumulate without despatching them to the Govt. of India in part fulfilment of the existing contract.

Item (v). The question is separately under consideration.

For orders on A above.

24/11/42

Item 1 is unexceptionable.

Item 2 I am unable to understand why the firm should be nervous about an investigation by a Central Govt. officer about costs of production. The firm may be told that we do not sympathise with their attitude on this issue. | Call 25/11

Item 3. There seems to be no justification for the Govt. of India to treat this firm differently from Mysore. The Govt. of India may be addressed to reconsider their decision | Yes call 25/11

Item 4. Presumably the firm has accumulated stocks without despatching them the / there to the Govt. of India. If they sell in the open market, they are breaking the contract with the Govt. of India at their own risk. We cannot sanction such a course | They should not sell. See 'A' ante. We may write to Controller of Supplies & ask for immediate arrangements to be made for taking over

Item 5. is separately under consideration.

Item 6. The statement is correct

To Under Secretary

These drafts are submitted for approval with reference to notes at ff 12 above

Cm 31/12/42 S

Drafts for advice letter refer. to the representation of the Kollegal Silkmen at ff 57-60 Cf

Cm 1-1-43

12-1-43 Approved

12-1-43

pp 65-66 Cf [Issued as Express Letter dated 12/1/43]
ff 67-68 Cf [" " dated 12.1.43]
ff 69-72 Cf [" " dated 12.1.43]
ff 73-74 Cf [From the D I Sc, No 1538 D/42 d 12.1.43]
ff 75-78 Cf [From the Deputy Controller of Supplies, Telegram d 15.1.43]
p 79-80 Cf [From the Controller of Supplies, No SY-FE/ d 16.1.43]
pp 81-82 Cf [Issued as Memorandum No 1052 D/43-1 dated 18.1.43 to D
p 83 Cf [From the D I Sc No 2342 D/42 d 15.1.43]
pp 85-86 Cf [From the Controller of Supplies No D/SY/FE d 16.1.43]
pp 87-90 Cf [From the D I Sc, D.O No 1538 D/42 d 21.1.43]
p 91 Cf [Issued as Telegram No 9670 D/42 d 22.1.43 to India]

To Under Secretary.

D I Sc's letter at ff 73-74 c

Vide letters issued at ff 65-72 Cf. In view of the action taken already on the letter of the Chairman of the Kollegal Silk Dealers at ff 57-60 Cf., no action is called for on the resolution of the Board of the Trade at ff 73-74 Cf.

Letter from the Controller of Supplies at pp 85-86 Cf: Please see the telegram received from India at ff 75-77 Cf and the telegram issued to India at p 91 Cf. Further report from the Controller of Supplies on the possibility of issuing inferior silk and reply from India in regard to selling silk in bulk may be awaited. The D I Sc has already been instructed regarding the need to improve the quality of silk reeled at the Kollegal

Silk Relations:

Appointment of General Manager by the Coy. — A on p 83 of

It has been suggested that — p 81 of

Mr Peychaud should be put in charge of production — of Silk and that Mr Achayya should continue to ensure — B on p 82
supply of Cocoons. The Board would appear to be opposed to — X on p 89 of
allowing Mr Peychaud to be in charge of the concern
but the Chairman thinks that the Board may agree — N on p 89 of
to production being left to Mr Peychaud, and that the
Company will appoint a General Manager to attend to — P on p 90 of
the ~~Board~~ administrative affairs. The D.I.C is of the — M on p 88 of
view that this course need not be objected to. It is
submitted in this connection that there is a separate — X
proposal to register the Concern under the D.C.I Rules — Separate file not put up
and to appoint a Chinese Business Manager for & separate file not put up
the Filatures in Madras. Any arrangement made
by this Company will therefore be modified as
soon as a decision is reached on M above.

It is for orders whether the view of the D.I.C — M on p 88
that the Company may proceed to appoint its own Gl. Managers,
will be accepted and the Report of the Director — view B on p 88 of
after ~~the Secretary of the Board, proposed to be called on~~
~~1-43, Accounts~~. Subject to orders a draft
reply to the D.I.C is submitted. on p 93 CF

Ref. 14-26143. — There may be friction between Peycha
and the Company's general manager. It is
his latest letter the Controller of Supplies has — p 93 of - I.
explained why it may even be to the — and a copy
Company's advantage to sell inferior — the letter at
silk, ~~if~~ unfit for use in manufacture — pp 85-86
of parachutes, in view of the high price of silk
in the open market. The D.I.C may be told that
if the Board of Direction refuse to — Mr Peycha
in absolute charge we may have
the business.

[From the D.G. of Supply, Textile Directorate New Delhi No. SY/Tx-624(5)/45- d 27.1.43]

To Under Secy.

A draft memo to the D I & C is submitted for approval & d answer A 2 is query at p. 14 ante.

C 3243

[Issued as Memo No 9670 D/42-12 d 3.2.43 to

To Under Secretary.

A 2's minutes at A on p 14 above: Report from the D I & C regarding the requisitioning of the Kollegal Silk Filatures has been examined in this dept and sent to the Legal and Finance Depts for remarks before circulation. Those depts were reminded on 1.2.43 to return the file soon.

C 4243

Await file till 10.2.43

It is now the 9th Feb. Please find out where the file

To Under Secy.

Re: Requisitioning of Kollegal Silk Filatures

The file is with the Finance Dept, that dept has been reminded verbally today. I have told the

C 11243 to the Secy

Re: A2's minutes A on p 14 ante

[The file relating to the requisitioning of Kollegal Silk Filatures has been circulated on 18.2.43]

pp 97-98 ante [From the D I & C No. 1538 D/42 dt 17.2.43]

To Under Secretary

Please see the memo issued by the D I & C at pp 81-82 ante and at pp 95-96

on the report of the DIBc at ff 97-107 C.

M on f 98 C The DIBc was informed that Mr Acharya should continue to be in charge of C of A: in the supply of cocoons to the R/actives. But he has at Hq instructed Mr Peycharud to attend to purchase of Cocoons in addition to his duties on the technical and production side. For orders whether the DIBc may be asked the reasons for adopting this in modification of the orders of the Govt

Vide M on f A2: minute at B on f

C 20.2.43. S

C/243 dtd 19.2.43

To Under Secretary.

A draft D.O. to the DIBc is submitted

C 23.2.43

C/43 dtd 22.2.43

[Issued as D.O. No 9670 D/42-13 dt 23.2.43 To DIBc] ff 99-100

[From the Govt of India, Dept of Supply. Sy/Tx-62(5)/45 dt 19.2.43] f 101 C

To Under Secy

With reference to orders on f 101 C, two draft D.O.s are submitted for approval.

After issue, the case may be submitted to A2 for perusal of the reply from the Govt of India.

C 24.2.43. S

C/243 dtd 23.2.43

A2: (a.c.)

[From the DIBc D.O. No 15338 D/42 dt 4.3.43]

To U.S with ref. to orders thereon circulated on f 110

SECRETARY TO GOVT OF INDIA 28 FEB 1943 DEVELOPMENT BRANCH

ff 103-106 C.

To Addl U.S

This file was linked with the file relating to the appointment of Mr. Y. T. Chou as Manager of the Govt. Silk Filature Factory. That file has been closed as G.O. No. 610 Dev. Dt. 20-4-43. No action is called for in the file now.

The file may now be closed and the papers recorded for future reference. No action is called for. No more action is necessary on it. G.O. No. 749 Dev. Dt. 10-5-43

7.5.43 7.5.43

Sub: Ind. Sericulture
Govt. Silk
for Dept of Prof. Tests - Bettermen
Arrangements - Paperboard
15/43

Paper relating
Recorded

[G.O. No. 749 Dev. Dt. 10-5-43]